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THESIS

Stabilization of Employment
of Maintenance of Way and Structures
Employees in the Railroad
Industry

by

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(A.B. University of New Hampshire, 1938)

submitted in partial fulfillment of
the requirements for the degree of

Master of Business Administration

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INTRODUCTION

Since former President Roosevelt was elected in 1932 American Labor has made tremendous social and economic gains as a result of Federal Legislation. Laws have been enacted which encourage the formation of unions for purposes of collective bargaining, provide for financial aid when age prevents further gainful employment, reduce the number of working hours for all persons in industries which engage in interstate trade, except railroad employees, grant financial assistance when a worker is unemployed and which provide pensions for railroad workers. These are but a few of the laws enacted by Congress to improve the lot of the American working man and woman.

While the purpose of such legislation has been desirable, and a step in the right direction, from a social viewpoint, the laws enacted have not provided for the worker the security of employment or the guarantee of a steady annual wage which he so earnestly desires.¹ The proceedings of the conventions of the larger labor unions as reported by the daily press have all taken up the problem of job security and a guaranteed wage and many have authorized their locals and affiliates to endeavor to negotiate some type of plan with their employers. This will be discussed at greater length in later chapters,

1. Roper, Elmo, "What American Labor Wants", American Mercury, February, 1944, p.181.

but the writer wishes at this point to call attention to the fact that a guaranteed annual wage is high on labor's agenda.

The purpose of this study is to consider the desirability and possibility of inaugurating an employment stabilization program and thereby an annual wage for the 285,000 men who are employed in the Maintenance of Way and Structures departments of our Nation's railroads. This group has been chosen because the greatest fluctuation in numbers employed and the largest labor turnover in railroad employees occurs within this class. Because they are amongst the lowest paid employees in the industry, the writer believes that a stabilization program would tend to attract and hold a more desirable, efficient and productive type of employee to the benefit of the employing railroad.

In 1925 the American Railway Engineering Association, which is made up of the maintenance and construction officials of American railways, took cognizance of the problem and a report was given to their convention on "Methods of Programming Maintenance of Way Work, Looking to the Most Economical Application of Labor."¹ The subject was discussed at other conventions up to 1931, but no great national movement towards stabilization was started as a result of the findings of the committees. Some individual railroads have attempted to reduce the fluctuations in their forces and the results have been encouraging. The reports of the AREA Committees will be reviewed at some length in a later chapter.

1. Proceedings of American Railway Engineering Association, Volume 26, 1925.

While the title of this paper contemplates the establishment of employment stabilization programs for Maintenance of Way and Structures employees on all railroads in the United States, special emphasis will be given to the problems which confront those railroads in the northern section of the country. Because the work performed by these employees is done, for the most part, out-of-doors the weather in the northern states is the greatest single obstacle.

The various types and causes of unemployment will be reviewed as well as the laws which have some bearing on the problem of stabilizing employment. This study will also endeavor to show the importance of the railroad industry in the American way of life serving as it does to transport raw materials, manufactured goods and agricultural products to the processors and consumers. The economic welfare of over 1,400,000 employees¹ is dependent on the ability of the railroads to pay a fair and just wage and to pay it regularly.

The successful guaranteed employment and annual wage plans of typical industries will be reviewed briefly and labor's interest in security of employment and attempt to further such programs will be examined.

The writer will discuss at some length his plan for stabilization of employment for this group of railroad workers. An attempt has been made to adopt the best features of those plans which have been successful and to make them the basis for a plan for the

1. A Yearbook of Railroad Information, 1946 Edition, Eastern Railroad Presidents Conference Committee on Public Relations, New York, p.62.

railroads. The reader should keep in mind that Maintenance of Way and Structures employees are usually spread over many hundreds of miles, working in groups of from five to twenty men, without constant supervision except for that exercised by a foreman who usually attains his position by right of seniority. The problem presented to railroad officials endeavoring to stabilize maintenance department employment is far different from that of a manufacturing company executive whose men perform their duties within a limited area and who, for the most part, do not work out-of-doors.

CHAPTER I

THE BACKGROUNDA. TYPES AND CAUSES OF UNEMPLOYMENT

Unemployment has usually been classified into four main types based on the reasons which have caused a worker to be released, either temporarily or permanently, by his employer. They are:

1. Seasonal
2. Cyclical
3. Technological
4. Chronic ¹

The reasons for seasonal unemployment are perhaps the most obvious. A worker is employed to harvest corn in Iowa and finally after many days of work from sunrise to dusk the crop is harvested and delivered to the nearest railroad siding for loading into cars which will carry it to the mill or storage elevator. His job is finished until next year at the same time. The farm owner can not provide year round employment for the many extra hands that are required for a short period of time each year to harvest his corn crop.

An employee of a construction company which specializes in road building finds himself without work in the winter months due to

1. Johnsen, J. D., Stability of Employment, The H. W. Wilson Company, New York, 1931, p.103. See also: Daugherty, Carroll R., Labor Problems in American Industry, The Riverside Press, Cambridge, Mass., 1938, p.77

the inability of contractors to lay roads when the ground is frozen. He has a regular job with the company, but they do no work in the winter months.

Workers in the garment industry experience considerable unemployment due to the seasonal nature of the clothing manufactured and the consumer's buying habits. Garments for the fall and winter trade are made up during the late spring and summer months. Clothing to be sold in the spring and summer is manufactured during the winter months. Garment workers therefore have in-between seasons. It is not practicable in this industry to manufacture ahead "for stock" as possible changes in consumer demand for certain styles involve considerable financial risk.¹

The employees of many manufacturing firms in the heavy equipment field are without work at various times of the year due to buying practices of the firms to whom the goods is sold. For example, manufacturers of railroad material and supplies such as rails, ties, labor-saving devices, construction equipment, track accessories, track tools and motor cars, report that their plants are idle up to 40% of the time because they receive their orders from all railroads at approximately the same time and delivery of the finished product is requested for approximately the same time. In this industry it is not practicable to manufacture ahead "for stock" as many items are made up to the purchaser's specifications.²

1. "Nine Months Employment Guarantee for Amalgamated Clothing Workers," Monthly Labor Review, Washington, D. C., February, 1933.

2. "Report of Committee on Extent to Which it is Practicable to Stabilize Employment in the Maintenance of Way Department In the Interest of Efficiency and the Necessary Measures," Proceedings of the American Engineering Association, 1926, p.1010.

Thus, it will be seen that seasonal unemployment is the result of weather conditions, changes in style and consumer demand and the very nature of the industry or trade in which the worker is engaged.

The cyclical causes of unemployment are more difficult to explain. Those who have studied the economic history of this country maintain that over a period of years business conditions reach relatively the same peaks and dip to the same valleys as have been experienced before and as may be expected in the future. They believe that business conditions follow with a great degree of regularity the predetermined course as charted by past booms, depressions and recessions. In the years 1929-1932 we reached the low point of the cycle and millions were unemployed. Gradually business conditions improved and we started "up the hill" till 1937 when we had a recession. Conditions improved in 1938 and commencing in 1940 due to the rearmament program we entered upon a period of prosperity which continues until the present day. The movements of the business cycle will, from time to time, result in periods of unemployment for many workers, unless and, until it becomes possible for government or business, or both, to control the cyclical reaction.

Labor unions have been foremost in the attempt to prevent technological unemployment which results from the invention of machines which do away with manually performed operations and thereby permit greater production per man-hour. Currently, in the railroad industry the train and engine service employees' unions are endeavoring to secure enactment of laws by the various state legislatures which will restrict the length of freight trains. The improvements in locomotive power, especially the diesel-electric engine, have enabled the railroads to

haul more cars with fewer men. In 1945 the Class I railways carried over 318 billion ton-miles of freight more than in 1916 with over 250,000 less employees.¹ Invention of better, more productive equipment has naturally resulted in the separation of some employees from the industry. It seems very doubtful if we can eliminate this cause of unemployment; to do so would be to retard the industrial progress of the country.

We come now to the last type of unemployment, namely chronic unemployment. We have in this country, and it is expected that we always will have, an unemployable class of workers--the old, the physically handicapped, the subnormal mentally. The growth of private pension plans in industry and of a federally-sponsored social security plan will probably do a great deal, with the passage of time, in eliminating the older persons from the labor market. The recent war which left many young men physically handicapped has focused the attention of educators and personnel men on the necessity of providing jobs and the training needed therefor to permit these people to become self-sustaining. It is hoped that such training programs as have been established will become a permanent part of our educational system and thereby lessen to some degree the number of such persons who are wholly dependent on the federal or state government. Those persons who because of mental instability are unable to obtain or hold a job will probably continue to be amongst those chronically unemployed.

1. A Yearbook of Railroad Information, 1946 Edition, Eastern Railroad Presidents Conference Committee on Public Relations, New York, pp28 and 62.

While it is possible to alleviate some of these causes it is well to remember that we can not expect that any type of planning by business or government will do away completely with the unemployment problem in the near future.

B. LOSSES THROUGH LACK OF STABILITY

Unemployment has been defined as:

"Involuntary idleness on the part of those who have lost their latest jobs, are able to work and are looking for work."¹

Involuntary idleness on the part of workers results in losses to the owners of the business also, and it is a rather sad commentary on our economic system that most industries in the country do not maintain fairly constant activity throughout the year.² Murray Latimer in his "Interim Report on Guaranteed Wage Study" points out that:

"It took the war years to dramatize the intimate relation between sustained worker income, high levels of production and economic security for all."³

While business men, investors and workers all sustain individual losses as a result of unemployment and depressions, it is the American people as a whole who suffer most from the effects of idle men and machines. It has been estimated that during the period 1930-

1. Laugherty, Carroll R., Labor Problems in American Industry, The Riverside Press, Cambridge, Mass., 1938, p.61.

2. Feldman, Herman, The Regularization of Employment, Harper and Bros., New York, 1925, p.5. See also: Stein E. and Davis, J., Labor Problems in America, Farrar and Rinehart, New York, 1940, p.39.

3. Bureau of National Affairs, Washington, D. C., 1946, p.21.

1940 industry could have produced and we could have consumed 22 per cent more goods and services than we actually did.¹

1. To The Employer.

It has been said that the failure of employers to map out in pre-war years a program to stabilize employment was not due to a lack of appreciation of the desirability of such a program.² However, no adequate explanation has been offered as to why progressive businessmen have not seized upon stabilization of employment as a means of saving their firms many thousands of dollars per year. Professor Daugherty has estimated that the minimum annual loss on idle equipment in the manufacturing trades alone is \$250 million³ and S. L. Lewisohn testified before a Senate Committee that industry could save \$2 billion a year by eliminating seasonal unemployment.⁴

While it is realized that the individual employer can do very little to combat the forces which result in cyclical unemployment it is within the power of many employers to eliminate or reduce the disturbing effect on our economic system of seasonal unemployment.⁵

In all industries there is a "break even point"; that is, that stage or tempo of production at which industry must operate in

1. Ibid, p.21

2. Abramson, Adolph G., "The Problem of Full Employment," Harvard Business Review, Spring, 1944, p.337

3. Daugherty, Carroll R., Labor Problems in American Industry, The Riverside Press, Cambridge, Mass., 1938, p.69.

4. "Report of Senate Committee on Causes and Relief of Unemployment," Monthly Labor Review, May, 1929, p.982.

5. Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report, No. 25, National War Labor Board, Washington, D. C., 1944, p.11.

order to pay the overhead, labor and material costs. For example, in the automobile industry, let us say that a manufacturer had determined that he must produce 500 cars a day in order to meet his costs. If he produces but 400 cars per day he is losing money; If he produces 500 cars per day he is "breaking-even"; However, if the production in his factory is increased to say 550 cars per day he has made money on the additional 50 cars. His overhead costs remain relatively the same whether he produces no cars or 600 cars per day.

Many manufacturers, in time of poor business conditions, endeavor to keep their plants producing something as they realize that whether they are producing or whether they are shut down completely overhead costs on machinery and plant continue. It is the opinion of the writer that railroad executives could well keep this "break-even point" theory in mind when a reduction in maintenance forces is contemplated. With each passing year maintenance of way and structures forces are becoming more highly mechanized and as the dollar investment in such equipment rises, it becomes increasingly important to keep it operating as much of the year as possible.

2. To The Employee.

Job security rather than the highest wages has become in recent years the employee's most sought after objective.¹ The workers have found that the high wages paid in some industries, as in the

1. See also: Roper, Elmo, "What American Labor Wants," American Mercury, February, 1944, p.181.

construction industry are the enticements necessary to attract skilled men into unstable and seasonal industries. High wages are very satisfying until the employee finds himself laid off because the job is finished or because winter weather prevents further work on the job. The savings from the months of employment at high wages are soon eaten up by idleness and job-seeking.

It has been estimated by Professor Douglas that the average annual loss to workers due to unemployment is \$4.2 billion dollars, assuming an average yearly wage of \$1500.¹ The Railroad Retirement Board reported that in September 1946, 56,200 railroad employees were drawing unemployment insurance and that of this number 18,800 or 33% were maintenance of way and structures employees.² These figures tell but a very small part of the effect of the loss of a job on the worker and his family. However, it should be borne in mind that as far as maintenance of way and structures employees are concerned that when employed they are the lowest paid group as a whole in the railroad industry, their average annual wage in 1945 being but \$2018.³ It is reasonable to assume that their savings, if any, are small and that even when supplemented by unemployment compensation they will not carry a family over a long period of unemployment.

1. Daugherty, Carroll R., Labor Problems in American Industry, The Riverside Press, Cambridge, Mass. p.69. See also: Douglas, F.H. and Director, Aaron, The Problem of Unemployment, The MacMillan Company, New York, 1931, p.57.

2. The Monthly Review, U.S. Railroad Retirement Board, Chicago, Ill., November, 1946, p.224.

3. A Yearbook of Railroad Information, 1946 Edition, Eastern Railroad Presidents Conference Committee on Public Relation, New York, June, 1946, p.68.

C. FEDERAL LEGISLATION

The Federal Government is aware of the necessity of stabilizing the ebb and flow of the employment tide, as it effects management and labor. After World War I President Harding called a meeting of the leaders of business, labor and government to study the problem. This conference which became known as the Unemployment Conference of 1921 made certain recommendations to the President, the most important of which was to stabilize employment and thereby prevent the economic upheaval which results when workers lose their jobs.¹ However, the matter was soon forgotten and it was not until seventeen years later that legislation was passed which encouraged employers to attempt to stabilize employment within their plants.

The Fair Labor Standards Act of 1938, better known as the Wage and Hour Law, restricts the employment of workers in industries which engage in interstate commerce, except railroads, to not more than forty hours per week. After forty hours in one work week the employer must pay his employees overtime rates. However, it is provided that no employer will be charged with violation of the Section 7(a) (1), (2) and (3) of the law if he works his employees more than forty hours per week without paying them overtime rates if such employee is employed:

"On an annual basis in pursuance of an agreement with his employer made as a result of collective bargaining by representatives of employees certified as bona fide by the

1. Johnsen, J. E., Stability of Employment, The H. W. Wilson Company, New York, 1931, p.6.

National Labor Relations Board, which provides that the employee shall not be employed more than two thousand and eighty hours during any period of fifty two consecutive weeks---" 1

Under this law it is, however, necessary to pay overtime rate of pay for all hours more than twelve worked in any one day or more than 56 hours in one week.² We have here, therefore, an attempt by Congress to foster stabilization of employment in industry by permitting an employer to pay straight time rates of pay for hours worked in excess of forty in any week provided that certain conditions are met.

An employer who because of the nature of his business has certain peak periods and yet can offer his employees reasonably steady employment throughout the year can be concluding an annual wage agreement with the representatives of his employees work his employees more than forty hours a week during rush periods and yet pay straight time rates for the work performed. Under Section 7(b) 2 an employer who works his men 56 hours would pay for that number of hours at straight time rates. If not operating under this provision he would be obliged to pay eight extra hours at straight time rates to make up the time and one-half rates.

It is definitely a forward looking law and it is the opinion of the writer that the Congress can best encourage employers to establish stabilization plans by offering financial incentives to those employers who make some substantial work guarantee to their employees.

1. Fair Labor Standards Act, Public No. 718--75th Congress, approved June 25, 1938, as amended by Public No.283--77th Congress approved October 29, 1941.

2. Ibid; Section 7(b) 3. See also: Smith, Leonard J., Collective Bargaining, Prentice Hall, Inc., New York, 1946, p.117.

Unfortunately, the railroads of the country are expressly exempted from the provision of Section 7 of the Law by Section 13 (b) 2 which states that the former Section shall not apply to:

"Any employee of an employer subject to the provisions of Part 1 of the Interstate Commerce Act."¹

Railroad employees or employers seeking the benefits of an annual wage plan might however pattern their proposed plans on the fundamentals laid down by this law.

In 1935 President Roosevelt signed the Social Security Act which provides old-age and survivors insurance administered by the Federal Government and through financial assistance to the individual states encourages the establishment of nine state programs including:

1. Unemployment insurance
2. Aid to needy aged
3. Aid to needy blind
4. Aid to Dependent Children
5. Service for maternal and child health
6. Child Welfare
7. Treatment of Crippled Children
8. Public Health
9. Vocational rehabilitation

The bill was enacted after the President's message to the Congress pointed out the need for a system to protect the worker and his family and an exhaustive study of the subject was made by the Committee on Economic

1. Public No. 718--75th Congress, Approved June 25, 1938.

Security.¹ The law was amended in 1939 to liberalize several of the benefit provisions and to make certain other changes which were deemed necessary as a result of the experience gained since 1935.

In this paper we are primarily interested in the employment security provisions of the law. The Act encourages the states to set up an insurance system to provide the worker with funds during periods of unemployment and an employment service to try to find suitable employment for him. The Federal Government pays the administrative costs of all approved state programs of unemployment insurance and financial grants are made for the operation of employment service activities. Employers are allowed up to 90 per cent credit against the federal unemployment tax of 3 per cent if they contribute to approved state unemployment insurance systems.²

While the state programs must meet certain minimum standards set by the Social Security Board the amount of unemployment benefits payable and determination of eligibility therefor varies considerably from state to state.³

The Law represents an attempt by legislative enactment to provide among other benefits for the unemployed worker and his family during periods of seasonal unemployment or business depression and to provide a pension for workers whose age forces them out of the labor market. In the opinion of the writer, the law has filled a breach in our social system by providing for unemployed and the unfortunate and

1. 100 Questions and Answers on the New Social Security Program, Social Security Board, Washington, D. C., 1939, p.2

2. Ibid, pp.18-19.

3. Ibid, p.21.

at the same time it has drawn the attention of government, business and labor to the need for stabilization of those economic forces which create unemployment and depressions. There are many who believe that the law does not provide adequate benefits and that certain drastic amendments are necessary.¹ Without debating this point, it may be said that the law is a socially progressive measure and that the experience gained under it may result in the future development of more adequate measures of social protection.

Congress recently enacted a bill entitled "The Employment Act of 1946" which originally was called the "Full Employment Act." It was designed to provide for government "pump priming" when the business cycle started on a downward trend and to give to the worker a guarantee of a job when private industrial employment declined.²

The law as finally passed had no "pump priming" or job guarantee clauses but it did authorize the President to appoint a board of three economic advisers who would, from time to time, report to him relative to economic conditions and prospects of the country. If the reports submitted indicated that legislative action was necessary the President was to submit his recommendations to the Congress.

The creation of economic advisory board is a recognition by the executive and legislative branches of the government of their responsibility to help maintain a stabilized economy so that all workers will be provided with gainful employment.³

1. Boston Globe, January 20, 1947

2. Stokes, Thomas L. "National Affairs", Boston Traveler, December 19, 1946. See also: Cragg, C.I. and Teele S.F., "The Proposed Full Employment Act", Harvard Business Review, Spring, 1945, p.323.

3. Stokes, Thomas L., "National Affairs", Boston Traveler, December 19, 1946.

In a recent report to the President, the Council of Economic Advisers said:

"Mere legislative acts alone will not force capitalists to invest, employers to hire, or laborers to work. We do not believe that 1947 presents a situation in which government should undertake heroic measures of public works, consumer or producer subsidies to quicken employment or stimulate production. We suggest that the impediments to prosperity in the near future are of the sort that must be worked out, without benefit of direct government intervention, through the practical wisdom of management, and labor, farmers and financiers." ¹

This is, to the writer, a recognition of the part which labor and management must play in the stabilization of employment through voluntary measures rather than by "government intervention."

While the Act itself does nothing more than provide for a constant study of economic conditions for the information of the President and the Congress it anticipates a form of voluntary economic planning by labor and management designed to provide greater prosperity for all.

The Railroad Retirement Act of 1934 provides a pension plan for employees of the nation's railroads. The Act is administered by the Railroad Retirement Board and the funds are obtained through payroll taxes on employees and employers. The amount of an employee's pension is based on the years of service in the industry and average compensation up to \$3600 per year. The law was amended by the Crosser Act in August 1946 which liberalized benefits considerably and increased

1. Lawrence, David, "Today in Washington", Boston Traveler, December 20, 1946.

the payroll taxes on both employers and employees.

The Railroad Unemployment Insurance Act, which is also administered by the Railroad Retirement Board, is discussed in a later chapter.

D. GUARANTEED EMPLOYMENT VS. ANNUAL WAGE

There are certain differences between "Guaranteed Employment" and an "Annual Wage" which it is important to keep in mind during any discussion on the subject. The differences are not clear cut at all times but, generally speaking, "Guaranteed Employment" is considered to mean an assurance or promise of a regular number of hours of work each week or for a number of weeks, whereas an "Annual Wage" guarantees a regular weekly pay check for a certain period of time although the number of hours worked per week may vary considerably from busy to slack seasons.¹ The extent to which guaranteed employment or annual wage plans have been incorporated into union-employer agreements has been estimated by the Department of Labor as one per cent of the 7000 agreements which are on file with that office.² These plans cover approximately 42,500 workers out of a total of 8 million who are covered by collective bargaining agreements.³ Labor unions have up to this time been concentrating on establishing themselves in industry

1. Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report No. 25, National War Labor Board, Washington, D. C., 1944, p.1.

2. "Annual Wage and Guaranteed Employment Plans in Union Agreements", Monthly Labor Review, August, 1940, p.283.

3. Weiss, Abraham, "Guaranteed-Employment and Annual-Wage Provisions in Union Agreements", Monthly Labor Review, April, 1945, p.708.

and now that they feel that this has been accomplished, management can expect a drive for security of employment and work guarantees.

1. Comment of Leaders in Government and Business.

The late President Roosevelt after a conference in 1934 with the leaders of the United Automobile Workers CIO stated that he was definitely in favor of an annual wage.¹

Eric A. Johnston, when President of the United States Chamber of Commerce and considered by both labor and management as a man of liberal views said:

"The demand for wages by the year is a normal one."²

The late Wendell Wilkie, a prominent corporation lawyer, liberal thinker and one time presidential nominee has been quoted as saying:

"An annual wage to those who work in plants with long seasonal or periodic shut downs seems fair and necessary."³

In an address before the 1944 Convention of the CIO, Bishop Shiel, a prominent churchman declared:

"I believe that the guaranteed annual wage for the working man is just; it is socially necessary; it is economically feasible; it is a democratic imperative."⁴

Charles Luckman, president of Lever Bros., in a recent address

1. Chernick J. and Hellickson G. C., Guaranteed Annual Wages, The University of Minnesota Press, Minneapolis, Minn., 1945, p.1.

2. Ibid, p.3.

3. Ibid, p.3.

4. Ibid, p.4.

before the Super-Market Institute meeting in Chicago:

"----advocated that 'big business' change its approach and lead the way in the extension of the annual wage principle----".¹

1. Boston Globe, November 8, 1946.

CHAPTER II

THE NEED FOR A PLANA. REQUIREMENTS FOR SUCCESSFUL APPROACH

It might be well at this time to decide just what we mean when we speak of "stabilization of employment." It simply means the reduction in the fluctuation of the numbers of workers employed in a plant or facility so that over a period of time there will be the smallest possible difference between the maximum and the minimum number employed. J. E. Johnsen has defined it as:

"---the regulation of employment by concerns within their own plants to the primary end of supplying more steady work and income for workers."¹

What should be management's approach to the annual guaranteed wage question? It might be well to consider first what might cause management to think of establishing such a program. We find four possibilities: (A) An agreement with or demand of a union; (B) Legislation of one form or another which might make it compulsory; (C) Tax incentives or penalties might make it worthwhile financially; (D) The initiative could well spring from the employer himself.²

1. Johnsen, J. E., Stability of Employment, The H. W. Wilson Company, New York, 1931, p.9.

2. Chernick, J. and Hellickson, G. C., Guaranteed Annual Wages, The University of Minnesota Press, Minneapolis, Minn., 1945, p.87-88.

Let us assume that the demand for a work guarantee or annual wage comes from the union representing the employees. At this point management should sit down with the employee's representatives to determine what they have in mind and possibly, at this time also, to discover what concessions they are willing to make in the form of relaxation of certain provisions of the union contract in order to gain the guarantee. In most union agreements certain changes would have to be made. The management representatives should then make a thorough study of the whole problem of instability of employment as it applies to their own plant. It has been said that:

"If one looks behind the numerous conditions that result in irregular employment---the outstanding circumstance is the spirit of management." ¹

Therefore, it is essential that the study be made in a spirit of sincerity and open-mindedness to determine whether it is economically possible and whether or not management, as well as the employees, will derive sufficient benefits. If management officials asked themselves the following questions while studying the proposal and before entering into any agreement with the union, many mistakes might be avoided:

(a) Have we determined why we are forced to reduce forces at certain times?

(b) Can we prevent these fluctuations through application of administrative skill to our purchasing, production and sales problems?

1. Feldman, Herman, The Regularization of Employment, Harper and Bros., New York, 1925, p.63.

(c) Have we confidence in the leaders of the union and do we know that they have the same confidence in us?

(d) Have we centralized control of all employment, transfers, promotions, demotions and layoffs within the plant?¹

That management which can give affirmative answers to the above questions has a sound basis on which to lay the foundation of a guarantee plan. Because railroad revenue is dependent upon general business conditions in other industries, question (b) above is not applicable insofar as "sales problems" are concerned but adequate forecasting and study of the forecasts for other industries should enable railroad officials to predict with some degree of accuracy their probable total revenue and therefrom the proportion which can be allocated to the maintenance department.

There is no quick remedy or magic formula to the railroad's problem of fluctuating forces and if stabilization is to be achieved it will be accomplished only by constant study and planning.²

B. THE RAILROADS' PLACE IN AMERICAN BUSINESS

The younger generation have thought of the country's railroads as a decadent industry in this age of great development in air

1. Ibid, p.236 and 239. See also: Riis, Roger William, "Pay by the Year is Labor's Goal", Survey Graphic, October, 1941, p.430. Bergen, Harold B., Employment Stabilization and Annual Wages, American Management Association, Production Series 111, 1938, p.19. Statement of Principles Which Should Govern the Employment Relation in Industry, National Industrial Conference Board, Boston, Mass., 1919, p.3.

2. Feldman, Herman, Stabilizing Jobs and Wages Through Better Business Management, Harper & Bros., New York, 1940, p.293. See also, Personnel Management on the Railroads, Policyholders Service Bureau, Metropolitan Insurance Company, New York, 1925, p.20.

transportation. However, when one realizes that during World War II the railroads provided 97 per cent of the transportation for military personnel, 90 per cent of the transportation of military freight and 90 per cent of the transportation for the total freight commerce of the United States, the importance of the railroads in our economy becomes very clear.¹

The percentage distribution of commercial freight traffic handled from 1939 to 1945 by the major forms of transportation is as follows:

<u>Year</u>	<u>Railroad</u>	<u>Great Lakes Steamers</u>	<u>Oil Pipe Lines</u>	<u>All Others</u>
1939	63.3	12.9	11.8	12.0
1940	62.3	14.4	11.1	12.2
1941	64.3	13.9	10.4	11.4
1942	70.9	12.4	8.2	8.5
1943	72.7	10.3	9.5	8.5
1944	69.9	9.9	12.4	7.8 ²

The gross operating revenues of the railroads have averaged 7 per cent of the national income for the 20 years from 1925 to 1944 and 6 per cent for the decade 1935 to 1944. In the former period the construction index went from as high as 18 per cent to as low as 4 per cent.³ In 1945 the Class I railways reported operating revenue in excess of \$9,430 million.⁴

1. A Yearbook of Railroad Information, 1946 Edition, Eastern Railroad Presidents Conference Committee on Public Relations, New York, June, 1946, p.3.

2. Ibid, p.5.

3. Parmalee, M., Economic Factors Influencing Railroad Employment, U. S. Railroad Retirement Board, Chicago, Ill, 1946, p.143.

4. A Yearbook of Railroad Information, 1946, Edition, Eastern Railroad Presidents Conference Committee on Public Relations, New York, June, 1946 p.44.

Table I, in appendix, gives detailed average number of employees and total payroll of Class I railways in representative years from 1916 to 1945. It will be observed that 1918 was the year in which the railroads employed the greatest number of people; in fact, almost twice as many as in the lowest year 1938. An interesting comparison can be made between the total average number of employees in 1918 and 1945, years in which World Wars ended. In the latter year, the railroads performed their war tasks with 421,309 less employees and yet handled 516,765,413 revenue tons more than in 1918.¹ Greater efficiency resulting from newer operating methods and improved equipment are no doubt the answer.

Table II gives the mileage of all tracks operated, including main tracks, yard tracks and sidings in representative years from 1916 to 1945. Approximately 95 per cent of this total is operated by the Class I Railways or those that receive operating revenue in excess of a million dollars a year. Total trackage operated at the present time is slightly above that in operation in 1916; yet, since 1931, miles of railway line have decreased approximately 30,000 miles.²

In 1945 the Class I railways of the country expended \$562,980,000 for additions and betterments to their property and the total property investment account stood at \$26,282,780,000.³

In Table III will be found a list of the items purchased for the maintenance of ways and structures together with the amount expended therefor in the year 1945. This Table is not designed to give

1. Ibid, p.28.

2. Ibid, p.6

3. Ibid, pp. 16 and 20.

total expenditures for all items used but rather to indicate the major items purchased and their cost. Railroad purchases from the lumber, steel and electrical equipment industries, to name but a few, are very large and such purchases provide employment for a great many workers in those industries. The manufacture of goods for railroad use keeps a large part of the heavy equipment and materials industry busy many months of the year.

Our railroads, therefore, are an important factor in the economic health of the Nation. They employ over a million and a quarter workers and pay out nearly four million in annual wages. They spend several hundred million each year to improve their own property and consequently, must buy needed supplies and materials from other industries. The service which the railroads render to industry can not be supplanted by any other known mode of transportation.

C. A DESIRABLE SOCIAL OBJECTIVE

It is believed by some that the great expansion of labor unions in the years 1930 to 1940 together with the decrease in job opportunities as a result of the depression and technological progress have stimulated the worker's desire for some type of employment guarantee.¹ The social desirability of a plan to guarantee a worker that he will receive a certain amount of compensation in the next year or that he will be sure of a certain number of weeks of work can not be

1. Chernick, J., and Hellickson, G. C., Guaranteed Annual Wages, University of Minnesota Press, Minneapolis, 1945, p.48 and 49.

denied.¹ Every form of social improvement for the worker has been fought long and hard before becoming adopted either as a result of legislation or public acceptance.

The economic effects of the annual wage plan in Austin, Minnesota, home of the G. A. Hormel Company, are shown very clearly in the ownership of cars and homes. In Austin, 56 per cent of the residents own their homes as against 48 per cent in 12 small cities in the North Central States, 45 per cent in the Pacific area, 44 per cent in the Plains and Mountain region and 24 per cent in the Southeast. In the North Central States 70.2 per cent of the families own automobiles whereas in Austin the percentage is 85.²

Much has been said about the necessity and desirability of maintaining consumer purchasing power in order to prevent fluctuations in the business cycle. If employees of a company are sure of earning a certain wage in the ensuing year they are in a position to make long term commitments to purchase homes, automobiles, refrigerators, washing machines and other durable goods. This in turn enables the manufacturers to provide longer terms of employment for their own employees. There can be no argument that wages received regularly in uniform amounts can be used more effectively.³

1. Ibid, p.76

2. Ibid, p.123-124. See also: Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report.#25, National War Labor Board, Washington, D. C., 1944, p.10.

3. Balderston, C. Canby, Annual Wage Plans and Regularization of Employment, American Management Association, Personnel Series 39, 1939, p.23.

CHAPTER III

SUCCESSFUL APPLICATION IN VARIOUS COMPANIESA. G. A. HORMEL AND COMPANY

The Hormel Company is a large meat packing concern located in Austin, Minnesota, and has been under father and son management for three generations. In setting up their annual wage plan three steps were taken:

(a) The annual volume of work was determined.

(b) The number of man-hours necessary to turn out this volume of work was estimated.

(c) The yearly labor costs were determined on the basis of the existing hourly wage scales. This cost was then divided by 52 to ascertain weekly wages for the various classifications of work.¹

Hormel's guarantee to his employees provides for a regular weekly wage for the year based on the rates of the department in which the employee usually works. Under this plan 95 per cent of the employees are covered and they may be transferred to various parts of the plant if work is slack in their own department.²

Management at the plant has stated that their tasks have been simplified by the annual wage plan and that production has been

1. Chernick, J. and Hellickson, G.C., Guaranteed Annual Wages, University of Minnesota Press, Minneapolis, Minn., 1945, p.37-38.

2. Ibid. p.25.

stepped up considerably. In the period from November 1, 1941 to November 1, 1943 they had but 5 per cent labor turnover.¹

The plan in operation has the full approval of the union representing the employees and when it was set up an agreement was made with the union providing for reversion to former conditions if the annual wage plan was discontinued.²

B. PROCTOR AND GAMBLE COMPANY

Richard R. Deupree, President of Proctor and Gamble Company, is quoted as saying:

"When men have the assurance of steady employment they work with a different spirit than those who keep one eye on their work and one on the order spindle to see whether they'll be working next week or not."³

The plan which was first put into operation in 1923 is the guaranteed work form rather than the annual wage plan in effect at the Hormel Company. Workers with two years of service are guaranteed 48 weeks of work including one weeks vacation less any time lost because of holidays, absences, disabilities, fires and floods. The plant works 40 hours per week but an escape clause permits management to cut working hours 25 per cent if business conditions require it. The Company reserves the right to transfer employees to other departments and the employee is paid the rate of the position to which transferred. This

1. Ibid, p.98.

2. Ibid, p.98-99.

3. Ibid, p.99.

too is different than the Hormel plan.¹

Prior to 1921 Proctor and Gamble distributed their products through wholesalers and it became evident to the company that the fluctuation in orders from the wholesalers depended on increases or decreases in price. Therefore, a study of soap consumption was inaugurated and by changing warehousing methods the company was able to start on a program of direct sales to the retailer.² With control of distribution and realizing, as a result of their research, that the rate of consumption of soap was not subject to violent fluctuations, the company was prepared to inaugurate a stabilization program.

In Table IV the attention of the reader is called to the decline in percentage of employment fluctuation in the year 1921 when the new sales and distribution plan was established and again in 1923 when the guaranteed employment program went into effect. In the depression of 1920 employment at Proctor and Gamble's Ivorydale plant declined from 2848 to 1932---a difference of 1014 workers in the year. In 1929 there was a difference of but 168 workers---from 2652 to 2484.³

C. NUNN BUSH SHOE COMPANY

This company which manufactures a quality man's shoe pays an annual wage which is based on a certain percentage of the sales dollar. Therefore, the company is committed to pay salaries based on a set per-

1. Plummer, L. S., Getting Along with Labor, Harper and Bros., New York, 1939, pp.25 and 74. See also: Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report No.25, National War Labor Board, Washington, D. C., 1944, p.12.

2. Ibid, p.75.

3. Amidon, Beulah, "Ivorydale--A Payroll that Floats," Survey, April 1, 1930, p.18.

centage of sales receipts, and the wage payments are tied in with the price level and general economic conditions.¹

The salient points of the Nunn-Bush plan are:

(a) The Company makes an annual estimate of probable sales volume.

(b) A salary fund is made up of 20 per cent of the value of shoes produced.

(c) Salaries are drawn from the fund weekly on the basis of a rate times hours formula.

(d) Over and under drawings from the fund are equalized periodically.

(e) Original employees of the Company make up Class A and are guaranteed 52 weeks earnings. Class B employees can be laid off until such time as they are advanced to Class A.²

Mr. Nunn, President of the company, has said that his employees realize that their income depends not on how much they can induce their employer to pay but rather on their own ability to produce.³ Some labor leaders would no doubt say that this plan is a speed-up program and that the employees are not getting their fair share of the sales dollar. It is no doubt an incentive system in that greater production swells the employees salary fund.

In 1939, Nunn-Bush employed 50 fewer workers than it did in 1935, but in the same period production increased 11 per cent.

1. Plummer, L. S., Getting Along with Labor, Harper and Bros., New York, 1939, pp.81, 82 and 85.

2. Ibid, pp 83 and 84.

3. Ibid, p.86.

Stabilization of employment if successful does result in some reduction in forces but in this case the reduction may, in part, have been the result of technological progress.¹

D. OTHER COMPANIES

Among other companies that have endeavored to level off their employment peaks and valleys we find the Eastman Kodak Company, manufacturers of photographic supplies. The products being a consumer's goods, the company's operations were subject to the usual cyclical fluctuations but not to the extent that manufacturers of capital goods experienced.²

The program was set up on a departmental basis as sales peaks of the various products came at different times of the year. The Company went to considerable expense to build a refrigerating plant in which to store perishable film and supplies, yet, at the same time, money was saved as additional new machinery was not required to take care of peak demand periods, operation of the plants has been more steady and a trained force of workmen has been retained.³

The Standard Oil Company of New Jersey has been able to stabilize their employment as there are but slight fluctuations in the demand for its products. During the winter months inventory is built up and operations are sustained thereby.⁴ In its domestic operations

1. Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report No. 25, National War Labor Board, Washington, D. C., 1944, p.9.

2. Plummer, L. S., Getting Along With Labor, Harper and Bros., New York, 1939, p.53.

3. Ibid, pp. 59 and 60 and 61.

4. Ibid, p.27.

from 1928 to 1937 Standard has averaged 50,326 employees. During the years 1929 and 1930 the employment level fluctuated more than 10 per cent as the company had a major construction program underway.¹

At the Radio Corporation of America plant in Camden, New Jersey, management and the union are endeavoring to eliminate seasonal fluctuations. In prior years the average employment was but six months per year. The work week is now set at 36 hours but it may be increased to 40 during periods of peak production.²

Richman Brothers, clothing manufacturers, have guaranteed their employees a 5 day, 36 hour week. Two vacations of 10 to 14 days each are arranged each year, one at Christmas and the other in the summer. Richman sells their merchandise through their own retail outlets and thus they have control of distribution.³

A very interesting clause aimed at stabilization of employment is found in a recent agreement between the Coleman Company of Wichita, Kansas, manufacturers of heating equipment, and the Independent Appliance Workers Union. It provides that the company would:

"---make a sincere effort to so organize its production, and to so schedule the production of merchandise through the factory as to provide, as far as consistent with good business practice, the stabilization of employment throughout the year." ⁴

Other companies that have or have had some form of guarantee plan include:

1. Ibid, p.30 .

2. ibid, p.11.

3. Ibid, p.42.

4. Executives Labor Letter, National Foremen's Institute, Deep River, Conn., October 29, 1946, p.3.

(a) Seaboard Airline Railway has stabilized employment in their shops. Plan started in 1928.

(b) Sears, Roebuck and Company, a mail order house, has tried two different plans. One plan is still in operation, the other discontinued because certain provisions conflicted with the Fair Labor Standards Act.

(c) General Motors Corporation had two plans which covered a total of 180,000 employees. The plans were suspended at the beginning of World War II because of the increase in number of employees and the uncertainties connected with the production of war materials.¹

1. Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report No. 25, National War Labor Board, Washington, D. C., 1944, pp.13-22.

CHAPTER IV

LIMITATIONS OF GUARANTEE PLANSA. IN THE RAILROAD INDUSTRY1. Railroad Unemployment Insurance.

The Unemployment Insurance Act which covers employees of those carriers that are under the Railroad Retirement Act was approved June 25, 1938, and became effective July 1, 1939. It has since been amended three times. Any railroad employee who earns \$150 or more in a calendar year is eligible for daily benefits, when unemployed, up to a maximum of \$5.00 per day for 130 days in the following benefit year which runs from July 1 to the following June 30th. For example, an employee who works as a temporary track laborer for two months in the summer of 1946 and earns at least \$150 will be eligible to receive unemployment benefits for 130 days commencing July 1, 1947, the benefit rate depending on his total earnings in the two month period.¹

Each railroad is obliged to pay from its own funds 3 per cent of the earnings, of each employee, up to \$300 per month, into an unemployment fund administered by the Railroad Retirement Board.

1. Changes Proposed in the Railroad Retirement and Unemployment Insurance Systems, Association of American Railroads, Washington, D. C., January, 1945, pp, 3. 17, 19.

The employees do not contribute to this fund.¹

The present retirement and unemployment acts provide benefits for railroad workers far more liberal than those provided by other industries.² For example, an employee who entered service of a railroad on January 2, 1945, at a salary of \$3000 per year and who was laid off on October 31, 1946, would be eligible to draw the following unemployment benefits;

<u>Registration Period</u>	<u>Amount</u>
Nov. 1 to Nov. 14, 1946	\$35.00
Nov. 15 to Nov. 28	50.00
Nov. 29 to Dec. 12	50.00
Dec. 13 to Dec. 26	50.00
Dec. 27 to Jan. 9, 1947	50.00
Jan. 10 to Jan. 23	50.00
Jan. 24 to Feb. 6	50.00
Feb. 7 to Feb. 20	50.00
Feb. 21 to March 6	50.00
March 7 to March 20	50.00
March 21 to April 3	50.00
April 4 to April 17	50.00
April 18 to May 1	50.00
May 2 to May 8	15.00
Total	<u>\$650.00</u>

On July 1, 1947 this employee may again start registering for unemployment compensation and collect 130 days at \$5.00 per day

1. Ibid, p.39.

2. Ibid, p.3.

before June 30, 1948. Therefore, an employee who works 22 months and earns \$5500 may get back \$1300 in unemployment compensation. The last compensation, in this example, might be received 20 months after severance of connection with the railroad industry.

During the benefit year 1945-1946 railroad workers were paid \$20,517,000 in unemployment benefits--more than 28 times as much as was paid in 1944-1945 and more than has been paid in any other year since the Act was passed.¹

a. The Need for Revision.

The 3 per cent tax on the carriers payroll has been far in excess of what is needed to finance unemployment benefits. The fund now has a surplus of \$540 million and total receipts exceed disbursements by more than \$120 million per year; whereas, benefit payments to unemployed workers have averaged but \$8,200,000 annually.² This act certainly offers no incentive to the various railroads to endeavor to stabilize their employment for whether they do or not they must continue to pay the 3 per cent tax. It is the opinion of the writer that railroad management could enlist the support of the standard railroad labor organizations to petition Congress to set up a graduated tax for unemployment purposes based on the amount of unemployment which the

1. The Monthly Review, Railroad Retirement Board, Chicago, Ill., August, 1946, p.131.

2. Changes Proposed in the Railroad Retirement and Unemployment Insurance Systems, Association of American Railroads, Washington, D. C., January, 1945, pp. 17-18.

individual railroad creates.

This discussion has purposely avoided consideration of the sickness and maternity benefits which became law in August, 1946, and which are to become effective July 1, 1947, believing that the unemployment feature only is pertinent to this paper.

To summarize, the present Unemployment Insurance Act offers no incentive whatsoever for individual railroads to attempt to stabilize their forces. In fact, a railroad which does work out a successful plan helps to pay for the unemployment created by other carriers.

2. Fluctuation of Earnings.

The American Railway Engineering Association at their 1925 convention heard a report from the Committee on Methods of Programming Maintenance of Way Work, which decried the practice of reducing forces as a result of fluctuations in earnings. The Committee said:

"---more serious than the fluctuations in force due to seasonal conditions are the wide fluctuations from month to month with variations in earnings and without regard to the most economical season and manner of conducting the work.

"It is common practice to do the maximum amount of work when traffice is heavy and earnings good, although it is at this time that men are most difficult to secure and of the poorest quality, wages highest and the cost of doing work increased by heavier delays from traffic." ¹

The above quotation states the problem and the reasons why the practice should be abandoned very clearly. All railroads have

1. Proceedings of American Railway Engineering Association, Volume 26, 1925.

certain months of the year when their traffic is heaviest and their earnings highest and conversly they have months when traffic is lighter and earnings lower. The proper method to overcome these fluctuations in earnings, as they effect maintenance of way expenditures, is to set up an Equalization Account. This method contemplates the setting up of a yearly maintenance budget and the charging off monthly of one-twelfth of this total regardless of the actual amount expended. For instance, if the yearly budget totaled \$360,000, one-twelfth of it or \$30,000 would be charged off each month although more or less than \$30,000 might actually be expended.

While the greatest expenditures are made in the summer months, the budget authorizations remain the same throughout the year, and no changes are necessary due to seasonal fluctuations in earnings.

The following indicates how the expenses might occur and be charged off:

Equalization Account

<u>Month</u>	<u>Expenses Charged</u>	<u>Actual Expenses</u>
January	\$30,000	\$15,000
February	30,000	15,000
March	30,000	15,000
April	30,000	35,000
May	30,000	45,000
June	30,000	45,000
July	30,000	45,000
August	30,000	45,000

Equalization Account (cont)

<u>Month</u>	<u>Expenses Charged</u>	<u>Actual Expenses</u>
September	\$30,000	\$35,000
October	30,000	35,000
November	30,000	15,000
December	30,000	15,000
Total	<u>\$360,000</u>	<u>\$360,000</u>

3. Weather

Professor Daugherty believes that there are two subdivisions of that type of unemployment which is a result of seasonal labor demands;

(a) Those unemployed workers who consider themselves permanently attached to the industry and who depend on the industry for the major part of their yearly income. The clothing, building and coal mining industries fall into this category.

(b) Those unemployed workers from the canning, lumbering and wheat harvesting industries who are migratory and casual and who do not maintain any permanent employment relationship with any industry.¹

It is into the former group that the maintenance of way and structures employees fall, in the opinion of the writer, as they usually maintain an employment relationship and they are not for the most part migratory or casual workers.

1. Daugherty, Carroll R., Labor Problems in American Industry, The Riverside Press, Cambridge, Mass., 1938, p.93.

Railroad maintenance work has generally been of a seasonal nature, reaching the lowest point in the winter months and rising to a sharp peak in the summer. On the Baltimore and Ohio Railroad, employment in maintenance forces from 1925 to 1930 ranged from a low of 81 per cent of average in January to a peak of 119 per cent of average in August. In 1937 the range was from 94 to 106 per cent.¹ In Table V we see the influence of the weather on the total number employed in maintenance forces. The greatest numbers are employed in the summer months when weather conditions permit greatest activity in track, tie and ballasting programs. Reductions in force start in September usually and employment is lowest from December to March. The figures for 1946 also show the decline in numbers employed as a result of the ending of World War II and the consequent drop in railroad revenue.

Any program of work or wage guarantee for railroad employees in this department must recognize the limitations imposed by weather conditions during the winter months in the northern part of the United States. In industries where seasonal fluctuations are a problem it has been customary for companies to introduce the annual wage plan.² The Delaware and Hudson Railroad, operating mostly in New York State, has worked out a stabilization plan which varies the number of hours of employment per week during the various seasons and extra hours are carried as a credit to balance off against those weeks when the

1. Feldman, Herman, Stabilizing Jobs and Wages Through Better Business Management, Harper and Bros., New York, 1940, pp.293-294.

2. Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report No. 25, National War Labor Board, Washington, D. C., 1944, p.1.

stipulated number of hours are not worked.¹

It is recognized that maximum efficiency is obtained when operations are continuous and the volume desired is uniform.² In striving to stabilize their maintenance forces railroad managements have as a goal the attainment of a greater degree of efficiency through a program of maximum operation of all of the various types of mechanized equipment used in track and building maintenance work, through adequate planning of the work to be done during the various seasons of the years and the proper allocation of men and material therefor.

4. Inflexibility of Railroad Organization

The organization of a railroad maintenance department offers many difficulties to the successful establishment of an employment stabilization plan. A railroad is usually divided into a number of operating divisions of approximately equal size. On each division the maintenance work is under the supervision of a Division Engineer who has under him a Bridge and Building Supervisor and a number of Assistant Bridge and Building Supervisors who oversee the work of carpenters, painters, plumbers, electricians, etc. The track work is supervised by Track Supervisors and Assistants who have certain districts assigned to them. The Foremen of the various building tradesmen report to the Assistant Bridge and Building Supervisor and the Track or Section Foreman receive their orders from the Track Supervisor

1. Balderston, C. Canby, Annual Wage Plans and Regularization of Employment, American Management Association, Personnel Series 39, 1939, p.28.

2. Proceedings of the American Railway Engineering Association, Volume 26, 1925, p.985.

or his Assistant.

As an example, on the Boston and Maine Railroad and the NewHaven Railroad the organization at the divisional level consists of the following:

<u>Position</u>	<u>New Haven Railroad</u>	<u>Boston & Maine Railroad</u>
Division Engineers	4	4
Assistant Division Engineers	4	4
Bridge and Building Supervisors	5	4
Assistant Bridge and Building Supervisors	--	6
Track Supervisors	17	17
Assistant Track Supervisors	--	2 1

Both railroads operate approximately 1800 miles of main line track² so that it can readily be seen that the supervisors have men to look over a very wide territory.

L. W. Horning, Vice President--Personnel, New York Central Railroad has listed the following as some of the peculiar features of railroad personnel work and they are difficulties which, in the opinion of the writer, must be given considerable thought and study in the setting up of a stabilization plan:

(a) Many people of various skills and professions are employed.

(b) Employees are widely scattered.

1. The Pocket List of Railroad Officials, 3rd Quarter, 1945, The Railway Equipment and Publication Company, New York, pp, 321; 592.

2. Ibid, pp. 319; 591.

(c) Many employees have little direct supervision.

(d) The average age of employees is higher than in most industries.

(e) There are a large number of contracts with Unions. The New York Central System has 200 agreements with 26 organizations.

(f) Labor relations are governed by law--The Railway Labor Act.¹

Table VI indicates the large number of employees of various degrees of skill which the Interstate Commerce Commission groups as Maintenance of Way and Structures Forces. This certainly is as heterogeneous a group of employees as can be found in one department of any industry.

Point (b) above has been mentioned briefly earlier. Many stabilization plans emphasize the necessity of transferring employees from one department to another or from one operation to another within the department when fluctuations in the volume of business so demand. Such transfers enable management to achieve maximum production with the given labor force. In the maintenance department of a railroad, while transfers are feasible under conditions which will be explained in a later chapter, the scattering of employees over many miles of road makes the transfer arrangement more difficult to handle than if the employees were concentrated at one terminal or shop.

The lack of direct supervision which Mr. Horning brings out in (c) is best exemplified in the case of a Track Crew which in an

1. Horning, L. W., "Personnel Practices, -- Why the Railway's Problem is a Special One and Some Suggestions for Improvement", Railway Age, November 6, 1943.

isolated section might be assigned to maintenance of ten miles or more of track. They are in charge of a Track Foreman who has attained his position by virtue of seniority and who is usually a member of the same labor union to which his men belong.¹ The Crew's headquarters might be thirty or forty miles from the headquarters of the Track Supervisor, and the Foreman might receive his work program once a week and be visited by the Supervisor at the same intervals. The Track Supervisor usually has ten to fifteen regular and one or two extra crews under his jurisdiction. It remains that the Foreman is responsible for seeing that the program of work set up by the Track Supervisor is carried out, but because of the distance factor and the lack of constant supervision the Foreman and his crew may fail to carry out their program in an expeditious manner.

Mr. Horning's point (d) deals with the age factor. Railroad employees are, on the average, older than the employees in most industries. One probable explanation is the "seniority system" which requires that positions be assigned to employees in accordance with length of service in the class with the Company. Older employees in all companies are not as willing to accept changes in conditions and methods of performing the work and this fact must be considered when endeavoring to stabilize employment. They have purchased homes or resided in certain localities for many years and they are unwilling to transfer or to move closer to the scene of their work, although the end result may be to give them more steady employment and higher annual wages.

1. On the Boston and Maine Railroad, Signal Foremen and Shop Craft Foremen also belong to the same unions as the employees they supervise.

The large number of labor agreements which the average railroad has with its employees results in a great degree of inflexibility as to the type of work which the employees are permitted to perform. Trackmen can not perform the work of Bridge and Building Laborers or Signal Helpers for part of a day or week unless they are laid off as Trackmen and hired back as Laborers or Helpers. Each union naturally tries to keep as much work as possible within the scope of their agreement with the railroad, often times to the detriment of other employees and to the efficient handling of the work. A stabilization plan for maintenance employees would necessitate concessions from other unions to allow some employees to work in other departments during slack seasons in the maintenance department.

The final point in Mr. Horning's list which the writer believes makes difficult the establishment of a railroad maintenance stabilization program is the regulation of labor relations in the industry by the Railway Labor Act. Collective bargaining must follow the pattern prescribed by the Law and changes in working conditions can not be made by unilateral action. A progressive employer who desired to stabilize his employment could not do so if it resulted in a change of working conditions unless the union concurred in such action. While the value of the approval and assistance of the union in setting up a guarantee plan is not to be underestimated, management is at a decided disadvantage when it becomes necessary to obtain union approval of every point in the program. The present attitude of the Brotherhood of Maintenance of Way Employees in sponsoring talks with railroad management and cooperation with the Association of American Railroads in studying the feasibility of stabilization of maintenance of way

employment is commendable, but, in the opinion of the writer, it remains to be seen whether or not the union will be willing to eliminate some of the restrictive rules which are a part of present railroad labor agreements.

CHAPTER V

LABOR'S INTEREST IN SECURITYA. SENIORITY---A MEANS TO SECURITY1. A Hindrance to Establishment of A Railroad Guarantee Plan.

Elmo Roper, Director of Fortune's Survey of Public Opinion, after a broad study of the desires of the working man in connection with his employment listed them in the following order of importance:

- a. Security
- b. Opportunity for advancement
- c. Treatment as a human being
- d. Simple, genuine human dignity.¹

Through his daily job, an employee finds opportunity for self-expression and social recognition and from it receives the income which enables him to provide for the material needs of his family. His employment, therefore, gives him a measure of the security which he so earnestly seeks.²

Railroad Labor has from its beginnings been aware of and responsive to the desire of its members for "security of position". They have approached the problem from the standpoint of "seniority"

1. Roper, Elmo, "What American Labor Wants", American Mercury, February, 1944, pp.180-183.

2. Daugherty, Carroll R., Labor Problems in American Industry, The Riverside Press, Cambridge, Mass., 1938, p.59.

which means briefly that employees who have been in the service of the railroad longest will have preference in the assignment to positions and that in reduction of forces the youngest employees in point of service will be laid off first. Seniority rules in various agreements between the unions and railroad management are very much the same regardless of the class or craft of employees represented. The Agreement between the Boston and Maine Railroad and the Brotherhood of Maintenance of Way Employees provides:

Rule 2: Seniority Right---General

"Rights accruing to employees under their seniority entitle them to consideration for positions in accordance with their relative length of service with the Railroad---" 1

Rule 4B: Reduction in Force--Displacement

"An employee holding a position which it is desired to abolish may displace an employee over whom he holds seniority rights---" 2

Rule 16A: Basis of Promotion

"Promotion shall be based on ability, merit and seniority. Ability and merit being sufficient in the judgment of the Management, seniority shall govern." 3

The original intent of seniority rules was to give preference to the oldest employees when positions were assigned and to prevent discrimination by management against older employees when it became

1. Agreement between Boston and Maine Railroad and The Brotherhood of Maintenance of Way Employees, Effective, May 15, 1942, p.1

2. Ibid, p.2

3. Ibid, p.6

necessary to reduce forces. The rules have not guaranteed the employees any annual wage or set number of weeks of work because in periods of business depression or in winter months, as far as maintenance forces are concerned, it has been the practice for the railroads to reduce forces so drastically that employees with many years of service were laid off or the number of working days per week was reduced so that all were on "short time".

If the railroads are going to establish job stabilization programs it is necessary, in the opinion of the writer, that the unions waive some of the restrictive seniority rules which make the force organization very inflexible and which put a premium on length of service as against the usual criteria, ability and merit. In the experience of the author it has been extremely difficult and many times impossible to prove to the General Chairman of a labor union that the senior applicant for a Track Foreman's position did not have the necessary ability and merit.

In guaranteeing an annual wage to its maintenance employees, railroad management should be permitted to choose the most capable workers and foremen and should be allowed the degree of flexibility of organization necessary to make the plan succeed. In speaking of choosing the most capable employees, the author does not contemplate that the establishment of a guarantee plan would be the signal for indiscriminate discharge of employees but rather that management should be permitted to "weed out" over a period of time those who are incapable of, or unwilling to perform their work in the accepted manner and should be allowed to refuse promotion to those men whose past record indicates their inability to perform the work themselves or to direct

the performance of it by others.

It has been said that:

"Employers who launch annual wage plans with the idea of discouraging union activity are probably doomed to failure." ¹

The writer believes that as a condition of the guarantee plan, labor unions should be willing to concede to management the right to choose supervisory forces on the basis of merit and ability without consideration of seniority. The union has a proper place in the setting up and administration of a guarantee plan and it is not with the thought of discouraging union membership that it is suggested that management should be the judge of the fitness of its supervisory forces. The success of an employment stabilization plan is dependent upon the quality of the leadership supervising the performance of the work and, in the opinion of the writer, seniority in so far as it controls the selection of foremen and supervisors is a decided handicap.

B. PROMOTIONAL ACTIVITY BY THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

In 1937 the Brotherhood of Maintenance of Way Employees had introduced into Congress a bill designed to stabilize forces in railway maintenance departments. No action was taken on the bill but it did result in the formation of a joint committee of representatives

1. Chernick, J. and Hellickson, G. C., Guaranteed Annual Wages, The University of Minnesota Press, Minneapolis, Minn., 1945, p.61.

of the union and the Association of American Railroads to study the subject.¹ The Committee held several meetings from January to May of 1939 and at the conclusion issued a report on the results of their study and research. While the Committee's report is very detailed and presents a wealth of factual data necessary to a proper understanding of the difficulties which will be encountered in setting up a stabilization program, it fails, in the opinion of the writer, in that it does not propose or suggest a program which is suitable to labor or to management. Recommendations which should follow such a study are not made nor is there any suggestion as to what concessions labor is willing to make or what the managements of the individual railroads comprising the Association should be willing to offer to labor in order to establish a program. It was intended that the report would serve as a basis of further discussions between the Committee of Railroad Presidents of the Association of American Railroads and the Grand Lodge Officers of the Brotherhood of Maintenance of Way Employees.² As far as the writer has been able to determine there has been no further action on the report by the Grand Lodge Officers and the Railroad Presidents. However, the Brotherhood has circulated the report very widely and has used it in discussions with officers of individual railroads.

As the railroad employees represented by the Brotherhood are the greatest sufferers from seasonal fluctuation, this organization has

1. Feldman, Herman, Stabilizing Jobs and Wages Through Better Business Management, Harper and Bros., New York, 1940, p.295.

2. Report of Joint Committee on Stabilization of Maintenance of Way Employment, Association of American Railroads and Brotherhood of Maintenance of Way Employees, Washington, D.C., May, 1939, p.2.

been one of the most active in endeavoring to stabilize employment. They have enlisted the support and cooperation of the Railroad Retirement Board's Employment Service and, to the writer's knowledge, have met jointly with personnel officers of many carriers in attempts to organize stabilization plans.

At their convention in Detroit in July, 1946, the assembled delegates adopted a program calling for an annual wage, more stable employment, standardization of wage rates and for curbs on the contracting to outside firms of work usually performed by maintenance of way employees.¹

C. ENDORSEMENT BY MAJOR UNIONS

Current literature in the field of labor relations is predicting the drive for an annual wage or work guarantee as labor's next goal.

In April, 1945, the U. S. Department of Labor's Monthly Labor Review reported that unions are seeking job security for their members through a wage or work guarantee in their collective bargaining contracts to a greater extent than ever before.² In an article appearing in Personnel it was predicted that the annual wage question would become a very crucial issue in labor-management dealings, the results of which might determine the "future of the country's economic structure".³ In a recently published book, Leonard J. Smith stated:

1. Labor, July 27, 1946

2. Weiss, Abraham, "Guaranteed Employment and Annual Wage Provisions in Union Agreements", Monthly Labor Review, April, 1945, p.707.

3. Dale, Ernest, "The Guaranteed Annual Wage", Personnel, November, 1944, p.146.

"One of the labor agreement clauses that will receive great emphasis in the years to come is that concerning guaranteed employment and the annual wage. The desire for security both of jobs and of wages was aroused by a national campaign started by unions and carried on by other groups as well." ¹

1. American Federation of Labor

In their 1930 Convention, the Railway Employees' Department of the A.F. of L. adopted a resolution favoring an employment stabilization program which would guarantee steady employment to employees in the mechanical trades in railroad shops and enginehouses.² The 1946 Convention of the Brotherhood of Railway Carmen of America approved a resolve which calls for a guaranteed annual wage based on 52 weeks a year plus a reduction in hours of work from 48 to 30 without cut in pay.³ The New York Times in editorial comment on the resolutions adopted by the 1946 Convention of the A.F. of L. states:

"The guaranteed annual wage is another long range goal for labor. As yet, this goal has been attained in few manufacturing plants, but it is coming to the fore as an item on the agenda of employers' meetings." ⁴

The Railway Labor Executives Association in a recent report on transportation labor's post war program said:

"Many thousands of transportation workers suffer from periodical and seasonal unemployment which is often caused by factors beyond the control of transportation manage-

1. Smith, Leonard J., Collective Bargaining, Prentice-Hall, Inc., New York, N. Y., 1946, p.115.

2. Chernick, J. and Hellickson, G.C. Guaranteed Annual Wages, The University of Minnesota Press, Minneapolis, Minn., 1945, p.50.

3. Labor, October 5, 1946.

4. New York Times, October 13, 1946.

ment, as in the case of Great Lakes shipping. On the other hand, there are many opportunities to provide more regular employment than now exists. These opportunities, if taken full advantage of by joint labor-management cooperation, will do much to provide more stabilized employment for transportation workers. " 1

The report goes on to say that through a high degree of cooperation between labor and management it should be possible to establish an annual wage plan which would give employees in the industry a steady income.² Again, however, labor leaders do not indicate their willingness to offer those concessions on restrictive rules which would be necessary to the proper working of any stabilization plan.

2. Congress of Industrial Organizations

In his 1944 Labor Day message, Philip Murray, CIO President, stated that a guaranteed annual wage was labor's major objective in the days ahead.³ The CIO has been more militant than the A.F. of L. in seeking a guarantee plan for its members. During the height of World War II they asked the War Contracts Subcommittee, headed by Senator James Murray, for Congressional approval of the annual wage principle. They argued that industry had been assured of post war profits through various "carry forward" and "carry back" tax provisions

1. Labor and Transportation, A report issued by the Railway Labor Executive's Association, Washington, D.C., May, 1946, p.27.

2. Ibid, p.27.

3. Rukeyser, Merrylye Stanley, The Quest for Economic Security Through Guaranteed Employment, New York, N. Y., 1945, p.1.

designed to help industry through the reconversion period and that workers in these industries were subject to the risk of unemployment during the reconversion period.¹ Walter P. Reuther, President of the United Auto Workers, which is one of the largest unions in the CIO group, in arguing for a guaranteed annual wage stated that the adoption of bold marketing techniques would help overcome the seasonal fluctuations in the industry and thus clear the way for a guarantee to the workers.² The United Steel workers Research Director, Harold J. Ruttenberg, described the guaranteed annual wage as the "logical next step" towards security for workers in the basic industries of the country.³ In demands served on the steel industry, December 18, 1946, by the Wage and Policy Committee of the CIO United Steel Workers, the Committee asked for a guaranteed annual wage for some 560,000 basic steel workers employed by 70 steel producers.⁴

Both of the major union groups in the country and the standard railway labor organizations which are affiliated with them are aware of the desirability of stabilizing employment in industry and thus facilitating the establishment of wage or work guarantees. If management is to avoid having some undesirable and unworkable plan presented to them and backed by the threat of strikes, slowdowns and other forms of industrial terrorism, they should, in the opinion of the writer, review and study the various existing plans and endeavor

1. Chernick, J. and Hellickson, G. C., Guaranteed Annual Wage, The University of Minnesota Press, Minneapolis, Minn., 1945, p.3.

2. Ibid, pp.58-59.

3. Ibid, p.56.

4. Boston Daily Globe, December 19, 1946.

to work out a plan which would serve as a starting point when they meet with labor to discuss this matter.

The major unions in the United States have devoted a considerable sum of money to study wages and working conditions in various industries and have established research and educational divisions of their organizations to correlate and disseminate such information to their local units. Their main subject of interest at the present time is unemployment and its causes¹ and management can expect that labor will be well informed when negotiations for an annual wage start.

1. Chernick, J. and Hellickson, G. C., Guaranteed Annual Wages, The University of Minnesota press, Minneapolis, Minn., 1945, p.49.

CHAPTER VI

IT CAN BE DONEA. STUDY OF THE PROBLEM1. Analysis of Past Expenditures

The first step to be taken by a railroad contemplating the establishment of a stabilization program for maintenance forces is to analyze, in as much detail as possible, their past expenditures for such work. From the detailed accounting records which are required by the Interstate Commerce Commission, it is possible to obtain first, the total expenditures in the Maintenance of Way and Structures Department for both labor and material back to the early 1920's. In Table VII we find the total expenditures by the Boston and Maine Railroad for maintenance work in the years 1928 to 1945. In analyzing these figures, for example, the officers of the railroad would have to make allowances for the much larger expenditures of 1928, 1929, 1930 and 1931 which the author knows were occasioned by major improvements to the carrier's passenger and freight yards and terminals in those years. To express it another way, from the total maintenance expenditures of any railroad there should be deducted those items which are not of a recurring nature, such as major improvements to yards or terminals, track relocation expense, repair work which is necessitated by floods, hurricanes or other catastrophes, etc. When

this has been done for each year for which the figures are available a yearly average maintenance figure can be arrived at.

The analysis should now go a step further. The expenditures for each year should be reviewed to determine the amounts of money expended for the various items of work. Table VIII, in the appendix, lists the various types of work performed by maintenance of way and structures forces. With the various non-recurring items eliminated from consideration, it should be possible to obtain an average figure of the amounts expended in the various classifications over the years.

Before going any further with these average figures the maintenance officers should review all the technological changes which have taken place in the industry over the years and which might occur in the near future as well as effect of improved material which is being used now as against ten or twenty years ago. For example, track crews now use all types of power tools---tie tampers, adzers, welding machines, weed burners, ballast cleaners---which were not in use very many years ago. The quality of steel rail has been improved through constant research and study by the railroads and the steel companies, and creosote-treated ties are now in quite general use. The use of powered equipment has done away with much manual labor, thereby reducing the number of trackmen needed while the improvement in materials has resulted in the need for less frequent renewal thereby reducing the amount of work to be done and the number of men necessary to do it.

Another important factor that must be given consideration is the amount of railroad mileage which must be maintained. Table II which gives the total length of all main tracks, yard tracks, and sidings operated, indicated that the Class I railways of the country are

operating approximately 398,000 miles of track which is but 1000 miles more than was operated in 1916 but down considerably from the 429,823 miles in service in 1931. The officers of the individual railroad would have to study their mileage figures to make allowance for changes which have occurred as well as for proposed abandonments or consolidations.

There are other factors which are worthy of consideration in any thorough analysis. It would be well to consider:

(a) Past freight and passenger traffic volume as well as potential volume.

(b) Number of employees per month for as many years as the statistics are available.

(c) Changes in facilities and structures such as the abandonment of passenger stations, freight houses and classification yards as a result of shifts in centers of population or competitive conditions.

(d) The effect of stabilized employment on the other departments of the railroad.

With these figures and information before him a railroad officer would have the facts necessary to a careful study of the possibility of stabilizing employment in his maintenance department. The writer believes that there can be no one plan which would solve the problem for all railroads, but rather that each railroad must make their own plans based on certain broad principles and with the necessary refinements to meet the conditions existing on the individual railroad.

2. Review of the Various Types of Maintenance Work

Table VIII lists the various items of work performed by employees in a railroad maintenance department and to which expenditures are charged in accordance with the regulations of the Interstate Commerce Commission.

The railroad officials studying the feasibility of a stabilization plan should work out a chart based on these items indicating how many man-days of work were performed by the employees in each of the various classifications over a period of years. This would give the management an average figure of the amount of time consumed in laying new and relay rail, ballasting, installing ties, etc.

The Joint Committee of the Association of American Railroads and the Brotherhood of Maintenance of Way Employees in making their study sent a questionnaire to all railroads which were members of the Association requesting data relative to fluctuations in employment, contracting of work, possible benefits if employment could be stabilized, etc. Replies were received from 108 railways operating 211,561 miles of lines or 90% of the Class I railway mileage in the United States.¹ The results of two of their surveys as shown in Table IX and X, in the appendix, should be helpful to railroad officials in so far as the tables indicate that other maintenance officials are able to schedule various types of work for the winter months. It is important, however, to keep in mind that the conditions on each railroad will have to govern what types of work can be performed by that railroad in the winter months.

1. Report of Joint Committee on Stabilization of Maintenance of Way Employment, Association of American Railroads and the Brotherhood of Maintenance of Way Employees, Washington, D. C., May, 1939, pp.5 and 6.

With the man-day figures before them, management officials should endeavor to determine what types of work can be performed on their railroad in the various seasons. With this division of work by seasons separated into man-days per item, an attempt should be made to determine what items of winter work could best be performed in December or in January, or in February, etc. When this is done for the 12 months it would be possible to set up a chart showing the man-days per month of the various items of work which would form the basis for budget estimates. On railroads in the northern section of the United States management officials must see to it that work which is scheduled to be done in the winter months is not performed in the summer months; otherwise, the work schedule will be upset and there will be considerable time and money wasted through payment of guaranteed wages to employees who have no work to perform.

B. TRIAL METHOD

1. Start Plan on One Division

As has been said in an earlier chapter, railroads are divided for maintenance purposes into divisions, usually of equal size, under the jurisdiction of a Division Engineer. Each division is subdivided into districts on which the track work is supervised by a Track Supervisor or Roadmaster, and the bridge and building work by an Assistant Bridge and Building Supervisor.

In setting up a maintenance of way and structures employment stabilization plan, the writer suggests that it be done on a divisional

basis. With a unit of this size it is possible for the supervisory officers to keep in touch with the details of the work as it progresses and to overcome any difficulties which occur. In starting the plan on one division the past expenditures and conditions peculiar to that division can be more thoroughly analyzed before the stabilization plan is put into effect on a system basis.

Beginning with a small unit might be particularly advisable if the local union is not enthusiastic about a stabilization program. With a smaller unit to work with management will probably make fewer mistakes in the first year of the program and this will enable them to convince the union leaders and members of the value of expanding the plan to include all divisions. While the Grand Lodge Officers of the Brotherhood of Maintenance of Way Employees are in favor of stabilized employment as has been indicated in earlier chapters it is reasonable to assume that there might be opposition to any change in working conditions from older employees who because of their seniority status are regularly employed throughout the year, and have little or nothing to gain from a stabilization plan. The success of the plan on one division would help to allay much of the suspicion which might be created by a change in working conditions.

2. Yearly Budgeting of Expenditures

The joint committee of the Association of American Railroads and Brotherhood of Maintenance of Way Employees in their study endeavored to discover the causes of fluctuation in maintenance employment. They listed the replies in order of frequency of causes reported and "reduced traffic and earnings (financial)" ranked third among the fifteen causes

reported.¹ As has been said in an earlier chapter, maintenance forces are usually cut first when revenues decline. The writer feels that this policy is very costly in that it releases experienced men and it curtails projects which are underway when the monthly budget is reduced. After a railroad officer has analyzed past maintenance expenditures and arrived at an average figure for the years surveyed the figure should be adjusted up or down on a yearly basis to meet changed conditions. This total should then be proposed as the yearly budget of the maintenance department and monthly fluctuations in earnings should not be used as the reason for changes therein.

With a definite sum allotted to them for the coming year, it is easier for the officers to make long range plans and to program the work to be done. This, in turn, is conducive to more efficient purchasing of materials and more effective use of available labor. Maintenance department officers when advised by the budget committee that their request for funds has been approved can then determine how the money is to be spent--how much new rail is to be laid, how much relay rail will be laid, how many and what kinds of ties are to be installed, how many miles of track are to be stone ballasted, etc.

The value of yearly budgeting of expenditures as a means of reducing fluctuations in employment due to a sudden reduction in available funds and as an aid to better and cheaper purchasing and more efficient application of labor can not be underestimated. The 1926 Convention of the American Railway Engineering Association heard a report from the Committee on the Effect of Stabilization of Employment

1. Ibid, p.9.

on Uniform Purchases of Materials and on Their Costs. The Committee believed that stabilization of employment would lead to more uniform use of materials throughout the year and they, therefore, sent a questionnaire to the leading manufacturers of track materials to determine whether or not uniformity of purchasing would result in savings to the purchasers. From the replies received the Committee concluded that stabilization of maintenance employment which would result in more uniform purchasing and use of material throughout the year would bring about a reduction in the cost of the materials in some cases as much as 10 per cent.¹

3. Review and Correction of Errors

While the stabilization plan is in its infancy it is essential that it be very closely supervised in order to insure that it is progressing in the proper manner. When the plans are formulated, the yearly budget authorized and the monthly program of work set down it is suggested that a system of weekly reports be established in order that the officers in charge may keep in close touch with the progress made. The success of a stabilization program depends to a great extent on close adherence by supervisors and employees to the established program. For example, if certain track crews are programmed to be working on laying relay rail during the month of September and instead they are cutting brush and tightening bolts which they should do in December, they will not be able to lay the relay rail in December because of weather conditions and the bolt tightening and brush cutting will

1. Proceedings American Railway Engineering Association, 1926, p.1011.

have been done. As a result of this deviation from the work program they may have little or no work to do for a week or several weeks and yet they will be drawing their salaries.

The weekly or daily reports should be charted against the program to determine progress and adherence to the master plan. However, a reporting system should be but one of the checks on the work program. Track supervisors, Bridge and Building Supervisors and Division Engineers should meet once a month or oftener if deemed necessary with the Engineer Maintenance of Way and his assistants for a discussion of problems which have arisen. It is realized that any plan which is established will not be perfect at the start and that many "kinks" will have to be ironed out. The time to do this is when the plan is new and before any irreparable damage to the future success of the stabilization program has been done.

It cannot be emphasized too strongly that, to a great extent, the success of the program is dependent on strict adherence to the work schedule set up in the master plan.

C. UNION COOPERATION NECESSARY

1. Must Sell Plan to Members

The union representing the workers has a very important part to play in the establishment of a workable stabilization plan. A high degree of cooperation between management and labor is essential.¹

1. Chernick, J. and Hellickson, G. C., Guaranteed Annual Wages, The University of Minnesota Press, Minneapolis, Minn., 1945, p.64.

To management falls the task of working out the broad principles for discussion with labor's representatives and when an agreement on the fundamentals is reached, to work out all the details of the plan; to the Union leaders falls the task of convincing their members of the desirability of the plan and of instilling in the employees the spirit of cooperation and willingness to perform an honest day's work for a guaranteed wage. It is the opinion of the writer that many employees because of their militant unionism look with suspicion on any changes in working conditions proposed by management. The union's answer should be that they have been seeking an annual wage for their members in order to guard them against the danger of unemployment. It would appear advisable that the General Chairman arrange to have his Local Chairmen present during the preliminary discussions with the carrier's officers in order that the Local Chairmen will be able to discuss the plans intelligently with the widely scattered members. It might then be advisable to have joint meetings of the union's and carrier's officers at several locations on the system in order that the employees affected might have an opportunity to attend and be made fully aware of the purpose and intent of the stabilization plan.

In the opinion of the writer, the success of the stabilization plan is dependent upon the whole hearted cooperation of the union and its members without which the carrier's officers should not attempt to proceed with the plan. It does not appear likely that serious objection would arise especially in view of the constant activity of the Grand Lodge Officers of the Brotherhood in attempting to convince railroad officials of the desirability of such a program, but great damage can be done unless both parties are honest and sincere in their dealing with

the other side. It is, however, the unions task to convince the membership of the desirability of a stabilization and annual wage plan, if such convincing is needed.

2. Flexibility of Agreement Rules Essential.

Before most railroads in the country could offer to the employees an employment stabilization program there would have to be certain changes made in their contracts with the Brotherhood. These changes would be made with the intent of giving management a greater degree of flexibility in the assignment of employees and in the prosecution of the work.

A standard rule in maintenance of way agreements reads as follows:

"Except as otherwise provided in the rules of this Agreement, eight (8) consecutive hours, exclusive of the meal period shall constitute a day's work." ¹

This rule taken in conjunction with Rule 30-A as revised,² which grants payment at time and one-half rate for time worked preceding or following the regular bulletined work period would prevent the railroad from setting up a plan whereby employees would be guaranteed a certain number of hours of work per year at straight time rate of pay as contemplated by Section 7 (b) of the Fair Labor Standards Act.

Under many present rules, if the work of employees is interrupted by inclement weather they are paid for 8 hours at the

1. Agreement between the Boston and Maine Railroad and the Brotherhood of Maintenance of Way Employees, effective May 15, 1942, Rule 26, p.8.

2. Ibid, p. A-9.

regular rate.¹ A rule such as this would work a hardship on the railroad if a stabilization plan were in effect as the carrier which has undertaken to guarantee the employees a certain number of hours work per year would be obliged to pay the employees when no work was performed. The men should, of course, be paid for the time actually worked and the time lost might be made up at some other time.

Another rule which, in the opinion of the writer, would be a hindrance is that which requires payment of time and one-half rate for time worked on Sundays.² Usually maintenance forces do not work on Sunday and are only called out in case of derailments, floods, wash-outs, etc. However, in New England it is quite general practice for the railroads to work track laying crews on Sundays during the summer months because the warm weather season is so short and much work can be done only in the summer months. A suggested substitute is a rule which would assure the men of Sunday as a day of rest each week except that during the period from June 1 to September 1 each employee would be allowed to choose a rest day in accordance with his seniority rank. One-seventh of the crew would be allowed to be off each day. In this way a well organized crew could be kept working seven days a week and the work could be done efficiently and the carrier would, if such savings were made, be in a better position to offer its employees an annual wage.

1. Ibid, Rule 29, p.9.

2. Ibid, Rule 28, p. A-9.

3. Right to Revert to Old Contract

In reaching an Agreement with the union on a plan to stabilize employment and guarantee the employees a yearly wage it is well to have some provision in the agreement stipulating what conditions will prevail, if at the end of a definite period of time, either the railroad or the union are not satisfied with the stabilization program. When the annual wage plan was instituted in the G. A. Hormel Company there was an Agreement outlining what working conditions would be in effect if at any time the plan was discontinued.¹

It is suggested that the Agreement provide that if at the end of the first year the management or the union believe that the stabilization plan has not been successful that the parties agree to revert to the contract which was in effect prior to establishment of the annual wage plan. If necessary, management will be allowed up to three months to complete the reconversion.

1. Chernick, J and Hellickson, G. C., Guaranteed Annual Wages, The University of Minnesota Press, Minneapolis, Minn., 1945, pp.98-99.

CHAPTER VII

WHAT'S TO BE GAINED OR LOSTA. ADVANTAGES1. Reduction of Overtime

The railroads of the United States are exempt from the maximum hours provision of the Fair Labor Standard Act of 1938¹ and employees of the non-operating group which includes maintenance of way employees, clerks, freight handlers, enginehouse and shop workers, receive overtime rates of pay only when they work on their assigned day of rest, certain holidays and when they work more than eight hours in any 24 hour period. There is, however, no requirement that employees work 48 hours in the week before becoming eligible to receive overtime rates. Many cases have come to the attention of the writer, especially during the late war, in which an employee knowing that his crew was scheduled to work on Sunday, the regularly assigned day of rest, would lay-off on Saturday or Monday but work on Sunday; thus, he lost a day's pay at straight time rate but earned a day's pay at overtime rate. By such practice he gained a day off and yet in the week was paid for a total of 52 hours pay, 40 at straight time and 8 at overtime rate. Unfortunately, the practice became very widespread.

1. Section 13 (b) Fair Labor Standards Act of 1938.

The Railway Labor Executives Association is now urging a revision of the Fair Labor Standards Act¹ to bring railroad employees within the maximum hours provision. This would require railroads to pay overtime rates for all work in excess of 40 hours per week. In the opinion of the writer, such legislation may be enacted by Congress within a few years. It would boost the railroad's overtime payments considerably, especially in the operating group, as Engineers, Locomotive Foremen, Conductors, Trainmen and Yardmen now receive but straight time rates for Sunday and Holiday work. Many run assignments are established for seven days per week. If the law is amended, the railroads could by offering their employees an annual wage plan, take advantage of Section 7 (b) 2 of the Act as amended which permit the employment of workers up to 2080 hours in any 52 consecutive weeks without the necessity of paying overtime.

It would be possible to work forces up to 56 hours per week during the summer months, say for a total of 20 weeks, and then balance off the excess hours by reducing the hours of the crews to 30 hours per week for the other 32 weeks. In this way, the crews would work the maximum number of hours at the season of the year when the greatest amount of out-of-door work could be done and yet they would be available for ordinary maintenance work 30 hours in each of the remaining 32 weeks.

Although the railroads are still exempt from the provisions of Section 7, it is suggested that the railroad's officers in negotiating an annual wage plan with the officers of the union endeavor to pattern

1. Labor and Transportation, Program and Objectives of Transportation Labor in the Post-War World, Railway Labor Executives Association, Washington, D. C., May, 1946, p.27.

it on Section 7 (b) 2 of the Act as the writer believes it outlines a workable plan for railroad maintenance departments. A stabilization and annual wage plan would have to permit railroad officers to assign forces to maximum hours during certain seasons, adjust starting hours to meet operating conditions and group or separate forces to obtain greatest efficiency. In return for the concessions which the unions would have to make on these points, they would secure a guaranteed annual wage for their members. The reduction in overtime payments as a result of these changes would put a guarantee plan within the financial range of many railroads.

2. Reduction of Labor Turnover and Increase of Workers' Efficiency

What does it cost a railroad to hire and train a new employee until he reaches the point when he does his share of the work efficiently? It has been estimated that the cost runs from \$50 to \$350 to take a man from the street, examine, place and train him until he is a qualified worker in his new position.¹ This estimate refers only to clerks, ticket agents, trackmen, enginehouse and shop laborers. The cost of training men in the various shop crafts which require an apprenticeship of several years is naturally much higher.

The American Railway Engineering Association's Committee have stated that they do not believe that a Trackman with less than three month's service is more than 50 per cent efficient.² When one con-

1. Feldman, Herman, The Regularization of Employment, Harper and Bros., New York, 1925, p.34. See also: Personnel Management on the Railroads, Metropolitan Life Insurance Co., Simmons-Boardman Publishing Co., New York, 1925, p.35.

2. Report of Committee on Stabilization of Employment in the Maintenance of Way Department, Proceeding of the American Railway Engineering Association, 1928, p.494.

templates the large number of men that are hired for seasonal work, lasting probably three months, it is easy to understand that the number of employees who are not more than 50 per cent efficient runs into the thousands. The Committee's report goes on to say:

"We do not find that the average railway officer appreciates the fact that maintenance of way work requires trained men." 1

In 1925 the Policyholders Service Bureau of the Metropolitan Life Insurance Company stated that from their study it appeared that the expense of training many more men than were normally needed to fill vacancies was siphoning off much of the railroad's operating income.²

It is evident that the railroads are spending considerable money to train new men who after short periods of employment are laid off because of a seasonal reduction in force. If it were possible to reduce this labor turnover a considerable sum of money now spent in training inexperienced workers each year would be saved. A stabilization plan would reduce these involuntary separations and the introduction of an annual wage plan would, no doubt, reduce the number of voluntary "quits". An employee is not likely to give up quickly a job which guarantees him a weeks pay every week of the year.³

In 1913, the Long Island Railroad, which is now a part of the Pennsylvania System, set up a permanent maintenance force with guaranteed employment to help overcome the shortage of common labor.

1. Ibid, p.495.

2. Personnel Management on the Railroads, Simmons-Boardman, Publishing Company, New York, 1925, p.23.

3. Riis, Roger William, "Pay by the Year is Labor's Goal," Survey Graphic, October, 1944, p.422.

It was reported that the stabilization plan resulted in payment of higher wages, an increase in the efficiency of the force as well as a 20 per cent reduction in the number employed.¹

There can be no doubt that the stabilization of employment and the resulting reduction of labor turnover gives to the worker that sense of "security" which, as pointed out in other chapters, he so earnestly desires. The sense of "security" improves the worker's morale and is reflected in his greater job efficiency.²

The fear of unemployment often results in the slowdown of employees who hope to prolong the work and thereby gain a few extra weeks of work.³ The employees know that by producing 50 units instead of 100 or by laying one-half mile of rail instead of three quarters of a mile that the job can be made to last for a few weeks more than was planned on by management.

3. Better Planning by Management

When a company is bound by an agreement to pay their employees for a set number of weeks or hours per year, they are going to make every effort to keep the employees engaged in productive work in order that they will not have to pay a guarantee to workers who have no work to perform.

In the garment industry in Cleveland, an agreement with the union provided that those companies that did stabilize their employ-

1. Personnel Management on the Railroads, Metropolitan Life Insurance Co., Simmons-Boardman Publishing Co., New York, 1925, p.53.

2. Horning, L. W., "Personnel Practices", Railway Age, November 6, 1943.

3. Johnsen, J. E., Stability of Employment, The H. W. Wilson Co., New York, 1931, p.10.

ment could recapture a certain percentage of their contributions to the unemployment fund. Management now had an incentive to reduce the seasonal fluctuations in forces and through more efficient planning many firms had returned to them a portion of their contributions to the fund.¹

An annual wage becomes, to a certain extent, a fixed cost which management must endeavor to meet through greater production and through a decrease in waste of time, labor and materials.²

Management must have the will to succeed when it attempts to level off the peaks and valleys of employment. As indicated in an earlier section, the plan must be sold to the employees. However, the economic possibility and social desirability of the plan must be inculcated in the members of management also. It is not enough to have "top management" say, "We want it done."

In the railroad industry, an annual wage and stabilization plan for maintenance workers would require a change in methods and practices of long standing in the industry but, in the opinion of the writer, such changes many times bring forth better and more efficient methods. In connection with the plan in force at the Nunn-Bush Company it has been said:

"The most effective regularizing force of all---has simply been management's determination to regularize."³

1. Schlieter, Sumner H., "The Responsibility of Organized Labor for Employment", American Economic Review Proceedings, May, 1945, pp.205-6.
2. Ibid, p.199. See also, Chermick J. and Hellickson, G. C. Guaranteed Annual Wages, The University of Minnesota Press, Menneapolic, Minn., 1945, p.80.
3. "Fifty-Two Pay Checks a Year," Fortune, November, 1938, p. 114.

4. Greater Use of Equipment

In years past most railroad maintenance work was done by manual labor but, in recent years, there have been many new developments in the way of power tools designed to increase production with the same or a fewer number of men. These tools and machines have done this but, at the same time, their cost constitute an ever increasing railroad investment of thousands of dollars. In all industry, management endeavors to use its productive machinery as many hours per day and days per year as possible. Railroads are now being confronted with the same problem. In order to realize the greatest return on invested capital it is essential that the tools and machinery be in regular use. The stabilization of employment will keep forces working and keep expensive tools and machinery in use. Fewer units of equipment will be required if work is spread through more months of the year.

These mechanical devices were purchased to reduce the labor cost and to get more work done and done efficiently. On the Long Island Railroad the stabilization plan was responsible for a reduction in force of approximately 20 per cent, which represents a considerable saving in wages.¹ The saving in labor cost is important to any company but the need for fewer employees is also important in the writer's opinion, especially in view of declining number of manual laborers accustomed and willing to perform "pick and shovel work".

1. Personnel Management on the Railroads, Metropolitan Life Insurance Company, Simmons-Boardman Publishing Company, New York, 1925, p.53.

An annual wage and stabilization plan is not advocated for the purpose of bringing about a reduction in force but to bring about a more effective use of power equipment through the orderly presecution of the work throughout the year.¹

The American Railway Engineering Association's Committee on Stabilization of Employment in the Maintenance of Way Department summed up the argument in the following manner:

"It has long been recognized in industry that uniformity in volume of work and continuity in operations are essential to maximum efficiency and that as they decrease, the cost of work increases."²

B. DISADVANTAGES

1. No Inventory Can Be Built Up in Maintenance Work

In the Eastman Kodak and Proctor and Gamble Companies, as has been indicated earlier, it was possible for the companies to keep their factories producing at a regular rate the year round. Eastman built a refrigerator warehouse to store photographic supplies produced during slack buying seasons. When peak periods came they shipped from their storehouse.

Proctor and Gamble changed their sales and warehousing methods and kept their factories producing at a steady rate to maintain

1. "Report of Committee on Methods of Programming Maintenance of Way Work, Looking to the Most Economical Application of Labor", Proceedings of the American Railway Engineering Association, 1925, p.985.

2. Proceedings of the American Railway Engineering Association, 1928, p.492.

adequate stocks in their nationwide warehouses from which retailers were supplied.

The railroads are at a disadvantage on this point as the services performed by maintenance workers can not be placed in storage during winter seasons and brought out when needed. The work must be performed on each regular working day regardless of the weather.

2. Guarantee Adds to Fixed Charges

A wage guarantee does add to the company's fixed charges and there will be those who say the financial plight of many railroads is due to their very heavy fixed charges and another costly item should not be added at this time.

The writer believes that regardless of whether or not an annual wage plan is in effect, a railroad must spend a certain amount of money each year for maintenance if it plans to remain in operation. Is not this necessary maintenance labor expense in the nature of a fixed charge?

The danger, in the author's opinion, lies in making a guarantee to maintenance forces greater than the average amount expended by the railroad for normal maintenance work over the preceding years. It is when too large a force is given a guarantee as a result of incorrect analysis of maintenance needs that danger creeps in.

3. Earnings Dependent on General Business Conditions

Some railroad officers have raised objection to a stabilization plan on the basis that transportation is a service rather than a commodity

to be sold on the open market. The earnings of a railroad are dependent on the business conditions in the area which they serve. If factories are producing or if crops are successful the railroad can, in turn, expect good earnings from the transportation of freight.

There is some merit to this objection as it is an accepted fact that railroad revenues reflect business conditions of a particular area. However, the writer does not believe that the objection is sufficiently weighty to rule out consideration of a stabilization plan.

4. Guarantee May Strengthen Union

It is believed by some that a guaranteed wage plan is likely to make a union stronger in disputes with management over wages and working conditions.¹

When a company, in cooperation with its union, establishes a stabilization plan it improves its standing with its employees and although some unions may endeavor to take credit for establishing or obtaining the guarantee this feature would have been taken care of if joint meetings were held to explain the program to all the employees, as suggested in an earlier chapter.

In the writer's opinion, this objection could be met with an aggressive publicity program before establishing the plan. While the union may be strengthened, management has also become stronger and, of course, management always has an "escape" clause permitting it to revert

1. The Economics of Full Employment, Oxford University Institute of Statistics, Basil Blackwell, and Mott, Limited, London, 1945, p.207.

to the former contract with the union if wage and hour demands endanger the financial stability of the company.

CHAPTER VIII

A SUGGESTED PLANA. ORGANIZATION OF GUARANTEED FORCE

Management must when the plan has advanced to this point determine how large a permanent force is necessary to perform the work. It has been suggested in Chapter VI that railroad officers should analyze very thoroughly the various items of maintenance work to determine how much money has been expended for such work in past years, how many man-days were necessary to accomplish it and what other factors such as technological changes, decline in mileage or freight volume, must be considered in arriving at the proposed average yearly maintenance expenditure. It is now necessary to establish the size of the guarantee force to accomplish this work.

One method that is suggested is to take the weekly employment totals for the period from November 1 to April 30 for a period of years and work out an average figure. This figure should then be compared with the man-days of work which are scheduled to be performed during this period as a result of the study which determined which types of work could be done efficiently and economically in the various months. If there is a wide variation between the average employment total and the amount of work that would be available to a group of this size as indicated by the man-days total, further investigation should be made. If the difference is small, the officers may accept this average employment total as the size of the maintenance force to which

they are willing to extend the wage guarantee.

A second method of determining the size of the maintenance force which is to be given the guarantee is to take the number of man-days of work which are scheduled for this November-April period and compute the average man-days per month. This average should then be used to determine the number of employees who would be included in the annual wage program.

The period November 1 to April 30 is suggested as a base period for computing the size of the guaranteed force because the number employed in railroad maintenance work is lowest during these months, as we have seen from the totals in Table V, and by computing on this base period it is possible to get an accurate total of employees that the railroad could employ during the winter months without incurring burdensome financial liability.

The officers of the railroad should then sit down with the union representatives and compile a seniority roster of employees who are to come within the scope of the guarantee program. All employees on the present rosters, who because of their position thereon are not eligible for inclusion within the plan, should be placed on a separate seniority roster called a "Spare Employees Roster" or "Roster of Temporary Employees" from which they could advance to the "Guaranteed Employees Roster" only in the event that some "guaranteed employee" left the service or if as a result of union-management negotiations the size of the guaranteed force was increased.¹ If the size of the

1. See also: "Report of Committee on Practical Methods of Stabilizing Maintenance of Way Forces", Proceedings of the American Railway Engineering Association, 1931, p.204.

guaranteed force should be reduced at the time of renewal of the yearly contract, employees on the guaranteed force would revert to the temporary employees roster in the reverse order of their seniority.

B. THE ANNUAL WAGE CONTRACT

It is the opinion of the writer that an annual wage plan is better suited to railroad conditions than the guaranteed work week as it enables railroad officers to plan long range work programs and it permits a flexible work day or week. The latter overcomes, in part, the difficulties occasioned by weather conditions which prevent economical out-of-door work several months of the year.

The annual wage contract should contain the following provisions:

(1) A guarantee of 2250 hours of work in the year (45 hours times 50 weeks), including one or two weeks vacation depending on the employees eligibility therefor in accordance with the National Vacation Agreement of December 17, 1941, as amended. Unless or until the Fair Labor Standards Act of 1938 is amended to bring railroad employees within the scope of Section 7 thereof, employees in the maintenance forces may be worked up to 2496 hours in the year (52 weeks time 48 hours), including vacation time, before it becomes necessary to pay overtime rates. Total hours worked will not exceed 11 hours in any one day or 60 in any one payroll week, except in case of emergencies which are further defined as derailments, floods, fires or any other occurrence which has interrupted or threatens to interrupt railroad operations.

(2) The guarantee will run for one year and will become effective on January 1 of the year following completion of negotiations between the parties provided that the officers of the railroad have had sufficient opportunity to work out the necessary details.

(3) The starting time of the employees' work day may be changed by the officers of the carrier upon notification to the local representatives of the union that operating conditions require such change. It will be the established policy to assign employees to work on day shifts, crews to commence work after 6:30 A.M. and before 8:30 A.M. and to finish between eight and eleven hours thereafter depending on the nature of the crew's assignment and the time of the year. From November 1 to April 30, crews will be assigned to not more than 8 hours per day except in case of snowstorms or emergencies. From May 1 to October 31 hours will range from 8 to 11 per day. When required to work on Sundays employees will be allowed a day off without pay during the following week.

(4) The Union will offer all possible assistance to the officers of the carrier in encouraging the men to perform an honest day's work. The Union agrees not to advance any claims for employees who are disciplined for failure to perform their work in an efficient and economical manner.

(5) The railroad agrees to restrict the contracting of work to outside firms to a minimum and will purchase as soon as practicable all the necessary power equipment, the lack of which in times past has made contracting necessary.

(6) Vacancies in the guaranteed force will be filled by the senior employees on the track district spare employees' roster. All new

employees hired for temporary work will be placed on the spare employees roster and will be advanced to the guaranteed force in seniority order.

(7) All employees in the maintenance department will retire when eligible for pension under the Railroad Retirement Act. If an employee eligible for a pension elects to stay in the service he will be placed on the spare employees roster next below the youngest employee in point of service.

(8) Employees transferred from or "bidding" from one position to another under the guarantee will be paid the rate of the new position. Employees demoted or displaced by senior employees will be paid the rate of the position to which assigned for all hours worked on the position.

(9) The Union agrees not to request a general increase in wages and the railroads agree not to request a decrease in wage rates during the existence of the annual wage plan. However, either party may request changes in wages if steps are initiated within 90 days of the expiration of the contract in accordance with the provisions of the Railway Labor Act as amended. Requests for changes in working conditions may be initiated by either party at any time during the life of the contract.

(10) During the existence of this contract there will be no reduction in the number of employees covered. However, it is recognized by both parties that the successful operation of the annual wage plan will result in more efficient and economical operation and that the carrier may reduce the number of persons covered by the plan at time of renewal thereof if conditions of any nature so require.

(11) The railroad agrees to endeavor to effect equal distribution of hours of work over the minimum guarantee. A record of the number of hours worked above the minimum guarantee of 2250 hours and less than the maximum of 2496 hours will be available for inspection by the officers of the union.

(12) The union recognizes the right of the railroad to be the final judge of the desirability and fitness of new employees. New employees may be released from the service within 60 days from the date they started work if in the judgment of the management they do not meet the employment standards of the railroad.¹

(13) The railroad will make every effort to find positions in other branches of railroad service for those men on the spare employees' roster whose services are not required in the maintenance department except during the spring and summer months.² Spare roster employees transferred to other departments will be paid the rate of the position to which assigned.

(14) Nothing in this contract obligates the railroad to pay employees for time not worked. Time lost through absence or sickness may be deducted from the minimum number of hours guaranteed to the employee each year. Time lost because of inclement weather will not be paid for but it may be made up at some later date. It may not be deducted from the yearly guarantee.

1. See also: Personnel Management on the Railroads, Metropolitan Life Insurance Company, Simmons-Boardman Publishing Company, New York, 1925, p.24.

2. See also: "Report of Committee of Methods of Programming Maintenance of Way Work, Looking to the Most Economical Application of Labor", Proceeding of the American Railway Engineering Association, 1925, p.986.

(15) The union recognizes the right of the carrier to recall to service in the maintenance department for short periods of time any employees who hold seniority rights on the spare employees roster. It is contemplated that they will not be used during the period from November 1 to April 30 except in cases of wrecks, fires, floods, or snowstorms when there is a danger of interruption to railroad service. When used they will not be worked more than 48 hours in any one week and service of less than 11 hours per day will be paid for at straight time rates. If business conditions require it the railroad may make increases in the guaranteed force for the remainder of any calendar year, paying the employees promoted for all time worked with a minimum of 45 hours per week at the rate of the position to which assigned.

C. TRANSFER OF SPARE EMPLOYEES

When the major maintenance and construction programs are completed in the fall of the year and inclement weather forces the laying off of all the extra employees hired in the spring, the writer believes that some provisions should be made to transfer these spare employees to other departments that must engage additional men for winter work. The men from the spare employees roster who transfer will retain their seniority in their original job and accumulate seniority in their new position over all new men. However, if they return to the maintenance department in the spring they will lose the seniority they have accumulated in the new department.

The following are suggested as departments or positions to which spare maintenance men might be assigned during the period from

November 1 to April 30.

(a) Fuel Laborers at Enginehouses. During the winter months additional men are needed to help in the unloading of cars of coal and in the coaling of locomotives. Freezing temperatures make the unloading of coal cars at coaling stations more difficult and, of course, much more coal is used by locomotives during the winter months.

(b) Power House Laborers. Many railroads operate their own power plants to supply heat to office buildings, shops, stations and to passenger cars in storage yards. In the winter months these plants require additional unskilled help which they could obtain from the maintenance department.

(c) Steam Heat Men. At many points there are men assigned in the winter months to servicing of car heating facilities; that is, they connect steam pipes to passenger cars that are to remain in a storage yard for any length of time, turn the necessary valves, make minor repairs to couplings, see that all coach doors and windows are closed and check from time to time to see that the cars are being properly heated. Many men are hired for work of this nature during the winter months and there are positions at all points on the railroad where it is customary to store any number of passenger cars.

The tasks are rather simple and no great degree of skill or experience is required. Most men could perform the job satisfactorily after eight hours of training.

(d) Engine Watchmen. At points where locomotives are stored it is necessary to keep a man on duty to maintain the fires in order

that engine crews may not be delayed when they are scheduled to leave in the mornings. At many points locomotives provide the necessary steam for the heating of passenger cars during the night. These too are winter time jobs which could be given to a laid-off member of the maintenance department.

(e) Baggage and Freight Handlers. Commencing in late November and continuing until at least the first week of the following January, most railroads find it necessary to hire additional men in order to cope with the increased volume of freight and mail due to the Christmas rush. There is additional work at all stations on the railroad and the volume is particularly heavy at larger terminals. This type of work would provide four to six weeks employment for a large number of laid-off men.

(f) Locomotive Firemen and Brakemen. On railroads in the northern section of the United States it very often happens after a heavy snowfall that there is a shortage of locomotive firemen, road and yard brakemen. This is due in part to the operation of the Hours of Service Law which requires that train and engine service employees who worked sixteen hours must then be given ten hours rest, and in part it is due to the system which permits an engineer or conductor, who is usually an older man, to lay off of his own accord during periods of inclement weather. When a great many men are "outlawed" or lay off it becomes necessary to promote other qualified men and use inexperienced men as locomotive firemen and trainmen. It is the writer's opinion that many laid off maintenance employees could be trained for use in train or engine service in the emergencies created

by storms. It is true, however, that in many sections this plan might not be practicable as maintenance employees would not be qualified because of their inability to read and write English. In some sections the Unions might object to the promotion of maintenance workers.

(g) Snow Shovellers. After a heavy snow fall it is usually necessary for the railroads to hasten the removal of snow in order that operations may be returned to normal as soon as possible. All laid-off maintenance men should be called back to the service for this work except those who have been assigned to regular positions in some other department of the railroad or those who have obtained steady work in other industries.

It is the belief of the writer that if a sincere effort is made and if the railroad's employment office approaches this matter in the proper way, many laid-off maintenance employees can be placed in other departments of the railroad to fill positions which are established because of winter weather conditions. Those men that can not be placed in regular positions could be an emergency or flying force for use at various points as necessary.

D. ESTABLISHMENT OF SCHEDULE OF HOURS

In recommending the annual wage plan as against the guaranteed work week it is the writer's belief that the former plan offers to railroad officials that degree of flexibility which is necessary to allow them to cope with the problems which arise from the seasonal nature of the work. In the northern states weather conditions will permit the laying of new rail in about four months of the year and into these

months must be crowded many man-hours of work. It is in this same period that the experienced men are most valuable. If it were possible to hire for four months an experienced crew of men to perform the work programs, it would be a comparatively easy matter to stabilize the employment of the regular men by confining them to work other than that assigned to the summer force; that is, they would perform only those items of work which could be done the year round and the size of the forces would be set accordingly.

However, as the experienced men are needed in the summer program work, the annual wage program which permits the assignment of forces to long or short hours per week as the work requires, seems better adapted to the railroad maintenance department. The writer recommends that the railroad officials endeavor to schedule the work so that the track and bridge and building crews would work their longest weeks in June, July, August and September, regular weeks in October, November, March, April and May and short weeks in December, January and February. If it was necessary to work crews long hours in January and February at the start of the guarantee year because of heavy snow and ice storms, it would be possible to equalize the over-hours by reducing the length of the work week in March, April or May. The hours guarantee recommended in an earlier section of this chapter allows considerable latitude and the officials in charge might not find it necessary to reduce the hours of the crew.

E. ESCAPE CLAUSE

Any management which plans to sign an annual wage contract with a union must exercise extreme precaution in order that the agreement is so written that it may be terminated if at any time business conditions make it necessary. It is not suggested either that the agreement be so loosely constructed that it may be cancelled at the whim or fancy of either party. Management must, however, have an avenue of retreat if the financial solvency of the firm is endangered by an extreme change in business conditions that was unforeseeable.

The continuity of employment agreement between the Seaboard Airline Railway and the Railway Employees Department A. F. of L. covering shop and enginehouse employees permits the carrier to reduce forces if business declines to a certain point and either party may cancel the agreement by serving a ten days' notice on the other party.¹

The plans that are or have been in effect at General Motors Corporation, Proctor and Gamble and Spiegel Incorporated, gave management the right to suspend the operation of the guarantee in emergencies such as fires, floods, strikes, wars, riots, etc. Other plans have limited the financial liability of the company to a certain percentage of past payroll totals.²

In one form or another management must insist on an "escape clause" in the agreement. The exact nature of it should be determined

1. Weiss, Abraham, "Guaranteed Employment and Annual Wage Provisions in Union Agreements", Monthly Labor Review, April, 1945, p.722.

2. Nielsen, Alice Lenore, Guaranteed Employment and Annual Wage Plans, Research and Statistics Report No. 25, National War Labor Board, Washington, D. C., 1944, pp.1-8. See also: Dale, Ernest, "The Guaranteed Annual Wage", Personnel, November, 1944, pp.147-8.

by the officers of the carrier in light of the conditions existing on their own property. The writer does not recommend that the union be given the right to cancel the agreement except at the yearly renewal period as such a right might be used by the union to obtain concessions from the company on other matters. This might be especially true if the union was aware that the carrier was well satisfied with the results of the plan then in effect.

CHAPTER IX

CONCLUSION

It is the opinion of the author that if the railroads are to compete for efficient and productive labor with other industries they will have to be able to offer those benefits and inducements which the working man seeks. In the maintenance department the greatest attraction would be regularity of employment and the resulting annual wage. With the decline in the number of immigrants in recent years the railroads have been deprived of their greatest source of common labor. The American-born children of immigrants have not been attracted to railroad work because of their intimate knowledge of its irregularity and its comparatively low rate of pay. The question arises--"Where are the railroads going to obtain the common labor required to maintain tracks, roadbeds and other facilities?" If native American labor is to be drawn into the railroad industry certain programs which benefit the worker must be adopted. The writer believes that an annual wage agreement for maintenance of way and structures employees would attract a more adequate supply of capable workers and would tend to hold within the industry the experienced men necessary for efficient and economical prosecution of the work.

We have traced briefly the growth of social legislation in the last two decades and reviewed its intent to provide greater security for the American worker through retirement programs, unemployment

compensation, minimum wage and maximum hours provisions and the right to bargain collectively. The losses through instability of employment have been pointed out and it is important to remember that they are mutual losses. Management loses through idleness of expensive mechanical equipment and through diversion of trained manpower to other industries. The employee suffers through loss of his weekly pay check which purchases food, clothing and property for himself and family.

The success of annual wage or work guarantee plans in other industries make such programs worthy of close examination by forward looking personnel men to determine whether or not such plans might be adapted to a railroad situation. Maintenance of way labor organizations have been particularly active in sponsoring conferences designed to effectuate a stabilization program and it is granted that labor's cooperation is necessary to the proper functioning of a stabilization plan. The railroad industry has many problems peculiar to that industry and methods, practices, and labor agreements are usually well established. To make radical changes in such methods and practices is difficult because they have been in effect for so many years. A successful stabilization program in some other industry might be of no value as a guidepost for the establishment of a railroad plan. It is necessary to proceed with caution when endeavoring to adapt the principles of other successful plans to cover railroad workers.

It has been pointed out that guarantee plans have the approval of the major labor organizations of the country but that these same unions have made no offer of concessions in exchange for the security

of a guaranteed annual wage. Those companies which have successful stabilization plans in operation have emphasized the importance of flexibility in any guarantee program. Labor agreements in the railroad industry are, at the present time, very inflexible and while the officers of the Brotherhood of Maintenance of Way Employees endeavor to convince railroad management of the desirability of a stabilization program they have failed to offer to eliminate those agreement rules which are a deterrent to the establishment of an annual wage or work guarantee. Railroad management would be most unwise to proceed without a great degree of flexibility in their labor agreement covering maintenance employees.

The setting up of a guarantee program on a railroad necessitates a very thorough study and analysis of labor, material, work and expense records for many years back and a forecast of future requirements before any agreement with a union is entered into. Failure to correctly analyze the available data and to foresee future maintenance requirements may be very costly and may result in complete failure of any plan which is put into effect.

The desirability of starting the program on one division has been suggested in order that the officers of the carrier might keep a close check on the progress and at the same time, gain some experience in the operation of a guaranteed wage program. By starting the plan on one division and observing its operation closely management can prevent serious financial losses which might be incurred if the program was established on all divisions and found to be unsuccessful.

In the opinion of the writer, the advantages of a guaranteed wage program for maintenance employees far outweigh the disadvantages which are inherent in a stabilization program. In the northern section of the United States it is necessary, because of weather conditions, to work regular and extra forces long hours during the months of good weather in order to accomplish the work which has been planned. Overtime payments to employees who work more than 8 hours a day become very sizeable during these months. An annual wage plan would enable the railroad to avoid, for the most part, payment of punitive rates for time worked in excess of eight hours per day. A further advantage to be gained would be the reduction of labor turnover in this class and the resulting increase in the efficiency of the worker who would not have that natural fear of a layoff because the work was done too well and too soon.

None of the disadvantages cited are of sufficient importance to forestall the establishment of a guarantee wage or work program. In fact, it can be argued that some of these disadvantages or difficulties are present today in the absence of a stabilization program.

In setting up the guaranteed force the carrier's officers must rely on the available records to determine the number of employees to whom the guarantee can be given. Again it is necessary to do some forecasting to determine what factors are going to effect the maintenance program in the years to come.

The writer has listed fifteen points that he believes should be included in a labor-management stabilization contract. On some railroads it may be necessary to add other clauses in order to control conditions peculiar to that carrier. The principles are broad and any

railroad contemplating an annual wage plan should endeavor to bring their plan within this framework. No set of rules will work, however, unless labor and management enter into the agreement with the will to succeed.

Every effort should be made to find employment with the railroad for those maintenance employees who are not a part of the guaranteed wage force. The writer has pointed out many other departments of the railroad that require additional labor in the winter months when maintenance forces are reduced to the minimum. This interdepartmental transfer arrangement would help retain experienced men in the industry and it would give the carrier a group of men whose training would be useful in case of emergency.

The writer has proposed the setting up of a schedule of hours to be worked in the various months taking into account the weather conditions in the various months. Flexibility of the work week is especially necessary in the railroad maintenance field because of the work performed out-of-doors and because so much must be accomplished in the spring and summer months.

Some railroad officials have objected to a stabilization program because it adds to the fixed charges and commits the carrier to pay guaranteed force employees regardless of business conditions. The writer has pointed out that every program should have an escape clause in order that the financial solvency of the carrier might not be threatened by rapidly changing business conditions.

It is the writer's opinion that, to a large degree, irregular employment of maintenance forces may be controlled by railroad manage-

ment through careful study and analysis of the influencing factors which are set forth in this paper and the establishment of an annual wage plan to attract and hold experienced men within the industry.

To summarize, railroad management must take positive steps to:

- (1) Prosecute their maintenance work in a more orderly manner throughout the year to achieve maximum economies.
- (2) Obtain revision of the Railroad Unemployment Insurance Act to provide for graduated taxation on the basis of amount of unemployment created by each company.
- (3) Keep trained employees in the service of the railroad and thereby improve efficiency.
- (4) Determine what concessions labor is willing to make in order to gain stability of employment.
- (5) Establish an annual wage plan after a thorough study of the requirements of the individual carrier.

A P P E N D I X

TABLE IAVERAGE NUMBER OF EMPLOYEES AND TOTAL PAYROLL--CLASS I. RAILWAYS

<u>Year</u>	<u>Average Number of Employees</u>	<u>Total Payroll</u>
1916	1,647,097	\$1,468,576,394
1918	1,841,575	2,613,813,351
1921	1,659,513	2,765,218,079
1926	1,779,275	2,946,114,354
1929	1,660,850	2,896,566,351
1931	1,258,719	2,094,994,379
1932	1,031,703	1,512,816,147
1933	971,196	1,403,840,833
1934	1,007,702	1,519,351,725
1935	994,371	1,643,878,510
1936	1,065,624	1,848,635,804
1937	1,114,663	1,985,446,718
1938	939,171	1,746,140,736
1939	987,675	1,863,333,736
1940	1,026,848	1,964,124,660
1941	1,139,925	2,331,650,452
1942-	1,270,687	2,932,069,581
1943	1,355,114	3,520,926,422
1944	1,413,672	3,853,344,681
1945	1,420,266	3,859,906,980

Source: A Yearbook of Railroad Information--1946 Edition, Eastern Railroad Presidents Conference Committee on Public Relations, New York, June, 1946, p.62.

TABLE IIMILEAGE OF ALL TRACKS OPERATED--CLASS I RAILWAYS

<u>Year</u>	<u>Mileage Operated</u>
1916	397,014
1918	402,343
1921	407,531
1926	421,341
1929	429,054
1931	429,823
1932	428,402
1933	425,664
1934	422,401
1935	419,228
1936	416,381
1937	414,572
1938	411,324
1939	408,359
1940	405,975
1941	403,625
1942	399,627
1943	398,437
1944	398,437
1945	Est. 398,000

Source: A Yearbook of Railroad Information--1946 Edition,
Eastern Railroad Presidents Conference Committee on Public
Relations, New York, June, 1946, p.8.

TABLE III

EXPENDITURES OF CLASS I RAILWAYS FOR MATERIAL AND SUPPLIES
FOR MAINTENANCE OF WAY AND STRUCTURES WORK IN 1945¹

<u>Item</u>	<u>Amount</u>
Cross ties	\$77,389,000
Switch and bridge ties	6,689,000
Timber and lumber	44,921,000
Other forest products	7,963,000
Steel rail	77,038,000
Frogs, switches, crossings and parts	21,653,000
Track fastenings, track bolts, spikes, etc.	62,420,000
Iron bridges, turntables and structural steel	6,673,000
Interlocking and signal material	28,880,000
Telegraph, telephone and radio material	7,695,000
Track and roadway tools, miscellaneous track material, wire fencing; motor, hand, push and velocipede cars and parts	12,435,000
Hardware and nails	5,808,000
Cement	3,565,000
Ballast	22,287,000

1. This table does not give the total expenditures for Maintenance of Way and Structures material and supplies but rather is intended to show only some of the major supplies and the amount spent therefor.

Source: A Yearbook of Railroad Information--1946 Edition, Eastern Railroad Presidents Conference Committee on Public Relations--New York, June, 1946, p.61.

TABLE IVPER CENT OF FLUCTUATION BETWEEN MINIMUM AND MAXIMUM EMPLOYMENTPROCTOR AND GAMBLE COMPANY

<u>Year</u>	<u>Per cent of Fluctuation</u>
1919	65
1920	56
1921	44
1922	28
1923	17
1924	15
1925	5

Source: Ruckeyser, Merryle Stanley, The Quest for Economic Security through Guaranteed Employment, New York, 1945, p.15.

TABLE VAVERAGE EMPLOYMENT IN MAINTENANCE OF WAYAND STRUCTURES FORCES--CLASS I RAILWAYS

March, 1944	282,348
April	292,455
May	303,776
June	318,708
July	314,373
August	319,583
September	303,706
October	293,116
November	287,889
December	278,654

January, 1945	277,885
February	289,931
March	295,152
April	297,732
May	303,685
June	324,593
July	320,483
August	320,598
September	304,993
October	294,651
November	297,271
December	281,543

January, 1946	274,422
February	266,748
March	256,523
April	258,942
May	259,236
June	262,034
July	269,183
August	276,692
September	270,179
October	274,128
November	272,320

Source: Wage Statistics of Class I Steam
Railways in the United States, Form A.,
Interstate Commerce Commission, Washington,
D. C.

TABLE VIMAINTENANCE OF WAY AND STRUCTURES EMPLOYEES BY ICC DIVISIONSJULY, 1946

<u>ICC Division</u> <u>Number</u>	<u>Title</u>	<u>Number of</u> <u>Employees</u>
27	Roadmasters, general foreman and assistants	3140
28	Maintenance of Way and Scale inspectors	1122
29	Bridge and Building gang foreman (skilled labor)	4087
30	Bridge and Building carpenters	14155
31	Bridge and Building ironworkers	920
32	Bridge and Building painters	2327
33	Masons, bricklayers, plasterers and plumbers	2013
34	Maintenance of way and structures helpers and apprentices	7389
35	Portable steam equipment operators	4998
36	Portable steam equipment operators helpers	732
37	Pumping equipment operators	1907
38	Gang Foremen (extra gang and work train laborers)	4328
39	Gang foremen (bridge and building, signal and telegraph laborers)	252
40	Gang or section foremen	25,041
41	Extra gang men	49,298
42	Section men	125,461
43	Maintenance of Way laborers (other than track and roadway) and gardeners and farmers	3379

TABLE VI (cont.)

<u>ICC Division</u> <u>Number</u>	<u>Title</u>	<u>Number of</u> <u>Employees</u>
44	General and assistant general foremen and inspectors (signal, telegraph and transmission)	1328
45	Gang foremen (signal and telegraph skilled trades labor)	1393
46	Signalmen and signal maintainers	8273
47	Linemen and groundmen	2229
48	Assistant signalmen and assistant signal maintainers	2335
49	Signalmen and signal maintainers helpers	3076
Total		<u>269,183</u>

Source: Wage Statistics of Class I Steam Railways in the United States, Form A, Interstate Commerce Commission, Washington, D. C. July, 1946.

TABLE VIIBOSTON AND MAINE RAILROADMAINTENANCE OF WAY AND STRUCTURES EXPENDITURES1928-1945

1928	\$12,486,921
1929	14,381,312
1930	11,668,439
1931	8,469,286
1932	5,504,943
1933	4,884,206
1934	3,418,478
1935	2,666,085
1936	3,748,581
1937	3,180,631
1938	3,516,644
1939	3,064,292
1940	3,395,929
1941	4,306,118
1942	5,419,139
1943	6,121,803
1944	7,002,568
1945	7,295,281

Source: Moody's Manual of Investments---Steam Railroads, Moody's
Investors Service, New York.

TABLE VIIIITEMS OF MAINTENANCE OF WAY AND STRUCTURES WORK

<u>ICC Account</u> <u>Number</u>	<u>Item</u>
202	<u>Roadway Maintenance</u> Care of roadbed, watching roadway, general cleaning, bank protection and track changes.
206	<u>Tunnels and Subways</u> Repairing, ventilating, lighting and watching.
208	<u>Bridges, Trestles and Culverts</u> Repairing, watching, altering, bracing and cleaning.
220	<u>Track Laying and Surfacing</u> Applying ballast, ties, rails and other track material. Aligning, surfacing, gauging and observing track. Tightening bolts and spikes. Restoration after floods or derailments.
221	<u>Fences, Snowsheds and Signs</u> Repairing right-of-way fences, snow or cattle fences, snowsheds and signs.
227	<u>Station and Office Buildings</u> Repairing stations, office buildings, fixtures, and maintaining grounds.
229	<u>Roadway Buildings</u> Repairing of roadway shops and roadway buildings including drainage, water, gas and sewer pipes, machinery fixtures, furniture and maintaining grounds.
231	<u>Water Stations</u> Repairing of water stations, fixtures and maintaining grounds.
233	<u>Fuel Stations</u> Repairing of fuel stations and maintaining grounds.
235	<u>Shops and Engine houses</u> Repairing of shops and enginehouses and maintaining grounds.

TABLE VIII (cont.)

<u>ICC Account</u> <u>Number</u>	<u>Item</u>
237	<u>Grain Elevators</u> Repairing of structures used in transfer, treatment and storage of grain including conveyors and machinery.
239	<u>Storage Warehouses</u> Repairing of warehouses used for storage.
241	<u>Wharves and Docks</u> Repairing of guards, piling, caissons and general repairs to wharves and docks.
243	<u>Coal and Ore Wharves</u> Repairing of wharves including conveyors, machinery and fixtures.
247	<u>Telephone and Telegraph Lines</u> Repairing of outside plant and terminal equipment.
253	<u>Power Plants</u> Repairing of plant and substation buildings; also, drains, canals, pipe lines, gas and sewer pipes and fixtures for lighting and heating.
257	<u>Power Transmission Systems</u> Repairing of systems for conveying electricity, steam and compressed air.
265	<u>Miscellaneous Structures</u> Repairing of miscellaneous structures, furniture, fixtures and maintaining of grounds.
269	<u>Roadway Machines</u> Repairing of power tools and machines.
270	<u>Dismantling Retired Road Property</u> Dismantling of retired property and recovering of salvage.
272	<u>Removing Snow, Ice and Sand</u> Removing snow, ice, setting up and taking down snow fences.

Source: Accounting Classifications--Uniform System of Accounts for Steam Railroads, Association of American Railroads, Washington, D. C., January, 1943.

TABLE IX

TYPES OF WORK THAT CAN BE PERFORMED IN THE WINTER
WITH REASONABLE EFFICIENCY AND ECONOMY

(Arranged in Sequence Based on Frequency of Reports)

Item	<u>TRACK DEPARTMENT</u>	
	<u>Northern</u> <u>Roads</u>	<u>Southern</u> <u>Roads</u>
1. Cutting bush and clearing roadway	32	4
2. Gauging	22	3
3. Tightening bolts	20	1
4. Relaying rail	16	3
5. Repairing and building fences	15	3
6. Replacing and tightening spikes	13	-
7. Unloading and distributing ties	12	-
8. Ditching	10	3
9. Removing snow and ice	9	1
10. Shimming track	9	1
11. Rail laying	5	1
12. Applying angle bars	5	1
13. Maintaining surface	4	2
14. Building up frogs and switches	4	-
15. Spot surfacing	3	2
16. Patrolling track	3	-
17. Banking	3	1
18. Care of frogs and switches	3	-
19. Building up rail ends	2	-
20. Removing rocks in cuts	2	1
21. Installing tie plates	1	-
22. Building up and replacing joint bars	1	-
23. Drainage work	1	2
24. Maintaining switch lights	1	-
25. Placing rip rap	1	1
26. Tie renewals	-	3

Source: Report of Joint Committee on Stabilization of Maintenance of Way Employment, Association of American Railroads and the Brotherhood of Maintenance of Way Employees, Washington, D. C., May, 1939, p.10.

TABLE X

TYPES OF WORK THAT CAN BE PERFORMED IN THE WINTER
WITH REASONABLE EFFICIENCY AND ECONOMY

(Arranged in Sequence Based on Frequency of Reports)

<u>BRIDGE AND BUILDING DEPARTMENT</u>		
<u>Item</u>	<u>Northern Roads</u>	<u>Southern Roads</u>
1. Inside building work including painting	30	2
2. Repair of wooden structures	11	-
3. Renewal of bridge ties on steel structures	10	-
4. Renewing timber bridge decks	9	1
5. Wharf and dock work	8	-
6. All kinds of bridge work except concrete	6	3
7. Repairs to bridges and buildings	4	2
8. Exterior building repairs	3	1
9. Repairs to buildings and roundhouses	3	-
10. Stock yards repairs	3	1
11. Steel bridge work	3	1
12. Repairing stone box culverts	2	2
13. Repairing coal tipples	1	1
14. Repairing or building bridge foundations	1	-

Source: Report of Joint Committee on Stabilization of Maintenance of Way Employment, Association of American Railroads and the Brotherhood of Maintenance of Way Employees, Washington, D. C., May, 1939, p.11.

TABLE XI

ADVANTAGES OF GREATER STABILITY OF
MAINTENANCE OF WAY EMPLOYMENT

(Arranged in Sequence Based on Frequency of Reports)

	<u>Northern</u> <u>Roads</u>	<u>Southern</u> <u>Roads</u>
1. Retain experienced men	14	5
2. More skilled, experienced and efficient personnel	5	4
3. Reduce personal injuries	4	1
4. Better satisfied and more efficient personnel	3	1
5. Reduce labor turnover	3	1
6. Simplifies employment problem	3	-
7. Improves morale	2	-
8. More efficient and economical results	1	4
9. Better quality of work at less cost	1	-
10. Obviates necessity of educating inexperienced men	1	1
11. Attracts better class of labor	1	-
12. Avoids peak periods during summer months	1	-
13. Avoids confusion and expense from reorganized forces	1	-
14. Better and more uniform maintenance	1	-
15. Reduction in personnel records, government and state reports	1	-
16. Simplifies housing and caring problems	1	-
17. Keeps material stocks at minimum	-	1
18. Reduce administrative costs as result of reduced labor turnover	-	1
19. Reduce cost of work	-	1
20. Permit specific program to be carried through to completion in most economical manner	-	1

Source: Report of Joint Committee on Stabilization of Maintenance of Way Employment, Association of American Railroads and the Brotherhood of Maintenance of Way Employees, Washington, D. C., May, 1939, p.12.

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Stabilization of Employment of
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